



WARM

Westerville Area Resource Ministry

Serving Since 1972

September 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Westerville Area Resource Ministry

We have audited the accompanying financial statements of Westerville Area Resource Ministry (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the year ended September 30, 2020, 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 entity'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 entity'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 Westerville Area Resource Ministry as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended September 30, 2020 in accordance with accounting principles generally accepted in the United States of America.


Westerville, Ohio
January 9, 2021

Westerville Area Resource Ministry
Statements of Financial Position
As of September 30, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 940,778	\$ 287,456
Contributions Receivable	2,917	4,657
Grants Receivable	12,500	12,500
Inventory	134,026	261,225
Prepaid Expenses	3,745	4,353
Total Current Assets	1,093,965	570,191
 FIXED ASSETS		
Building	915,506	915,506
Land	289,107	289,107
Improvements	235,427	235,428
Equipment	225,622	146,760
Vehicles	34,594	34,594
Furniture	121,287	81,338
Less: Accumulated Depreciation	(372,194)	(310,117)
Total Fixed Assets	1,449,350	1,392,616
 OTHER ASSETS		
Deposits	897	897
Total Other Assets	897	897
 TOTAL ASSETS	 \$ 2,544,212	 \$ 1,963,704

Westerville Area Resource Ministry
Statements of Financial Position
As of September 30, 2020 and 2019

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts Payable	\$ 11,540	\$ 10,487
Credit Cards Payable	11,493	9,323
Current Portion of Note Payable	20,856	17,851
Accrued Other Expenses	19,498	15,449
Paycheck Protection Program Loan	122,005	-
Total Current Liabilities	185,391	53,110
LONG-TERM LIABILITIES		
Note Payable, net	474,749	496,205
Total Long-Term Liabilities	474,749	496,205
TOTAL LIABILITIES	660,141	549,315
NET ASSETS		
Without Donor Restriction:		
Undesignated	1,690,164	1,228,194
Designated by Board	100,000	100,000
Total Without Donor Restriction	1,790,164	1,328,194
With Donor Restrictions	93,907	86,195
Total Net Assets	1,884,071	1,414,389
TOTAL LIABILITIES AND NET ASSETS	\$ 2,544,212	\$ 1,963,704

**Westerville Area Resource Ministry
Statement of Activities
For the Year Ended September 30, 2020**

2020

NET ASSETS WITHOUT DONOR RESTRICTIONS:

PUBLIC SUPPORT AND REVENUE:

Public Support:

Cash Contributions	\$	1,419,852
Donated Food		1,914,611
Donated Goods		10,919
Donated Services		2,150
Total Public Support		3,347,533

Revenue:

Special Events Income		16,733
Grants Revenue		341,113
Interest and Dividends		5,027
Gain/(Loss) on Disposal of Assets		(10)
Miscellaneous Income		7,120
Total Revenue		369,983

Total Public Support and Revenue 3,717,516

Net Assets Released From Restrictions 28,500

3,746,016

EXPENSES:

Program Services:

Resource Center 2,919,586

Supporting Services:

Management and General 104,050

Fund Raising 260,408

Total Program & Supporting Services **3,284,044**

Total Expenses 3,284,044

Increase in Net Assets Without Donor Restrictions 461,971

**Westerville Area Resource Ministry
Statement of Activities
For the Year Ended September 30, 2020**

	2020
NET ASSETS WITH DONOR RESTRICTIONS:	
Grants Revenue	36,212
Restrictions Satisfied by Payments	(28,500)
Increase/(Decrease) in Net Assets With Donor Restrictions	7,712
Increase/(Decrease) in Total Net Assets	469,683
Total Net Assets at Beginning of Year	1,414,389
Total Net Assets at End of Year	\$ 1,884,071

Westerville Area Resource Ministry
Statement of Cash Flows
For the Year Ended September 30, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase/(Decrease) in Net Assets	\$ 469,683
Adjustments to Reconcile Increase/(Decrease) in Net Assets to Net Cash Provided by Operating Activities:	
Amortization of Loan Costs	591
Depreciation	62,079
Loss on Disposal of Assets	10
Decrease (Increase) in Current Assets:	
Contributions Receivable	1,740
Inventory	127,199
Prepays	609
Increase (Decrease) in Current Liabilities:	
Accounts Payable	1,053
Credit Cards Payable	2,170
Accrued Other Expenses	4,049
Net Cash Provided (Used) by Operating Activities	669,184
 CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Expenditures	(118,823)
Net Cash Provided (Used) by Investing Activities	(118,823)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Note Payable Proceeds	122,005
Note Payable Payments	(19,044)
Net Cash Provided (Used) by Financing Activities	102,961
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
	653,322
CASH AT BEGINNING OF PERIOD	287,456
CASH AT END OF PERIOD	\$ 940,778
 SUPPLEMENTARY INFORMATION:	
Interest Paid	17,248

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

**Westerville Area Resource Ministry
Statement of Functional Expenses
For the Year Ended September 30, 2020**

	Resource Center	Supporting Services		2020 Total Expenses
		Management and General	Fund Raising	
SALARIES AND RELATED EXPENSES:				
Compensation of Officers	\$ 36,570	\$ 32,320	\$ 36,570	\$ 105,460
Salary and Wages	410,075	40,023	143,226	593,324
Payroll Taxes	30,992	3,080	10,510	44,582
Employee Benefits	2,160	2,162	2,161	6,483
Workers' Compensation Insurance	1,440	1,970	368	3,778
TOTAL SALARIES AND RELATED EXPENSES:	481,237	79,555	192,835	753,627
EXPENSES:				
Assistance to Individuals	2,201,022	-	-	2,201,022
Professional Fees	11,292	15,783	1,767	28,842
Supplies	36,637	1,866	22,780	61,283
Telephone	4,602	93	679	5,374
Postage and Shipping	209	55	8,316	8,580
Occupancy	34,172	639	959	35,770
Repairs and Maintenance	50,756	-	-	50,756
Printing and Publications	4,441	1,176	15,086	20,703
Insurance	14,169	472	557	15,198
Travel & Meals	979	1,111	2,644	4,734
Interest Expense	16,477	308	462	17,248
Other Expenses	4,835	1,047	12,354	18,236
TOTAL EXPENSES BEFORE DEPRECIATION	2,860,829	102,105	258,439	3,221,374
Depreciation Expense	58,756	1,945	1,969	62,670
TOTAL EXPENSES	\$ 2,919,586	\$ 104,050	\$ 260,408	\$ 3,284,044

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

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019

1. Organization and Nature of Activities

In the early 1970s, volunteers from St. Paul's Catholic Church created an emergency food pantry, originally known as Paul's Pantry. Families in need received food and emergency assistance through the efforts of these volunteers. In the 1980s, ministers from other area churches decided to collaborate their efforts rather than have each church work individually. The Westerville Area Ministerial Association adopted the project and the Westerville Area Resource Ministry (WARM) was formed. WARM's services are concentrated on helping families that reside within the 52 square mile area representing the Westerville school district and live at or below 200% of the poverty thresholds established by the U.S. Department of Health and Human Services.

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

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

WARM is funded through private donations from Westerville-area churches, businesses, individuals, civic organizations, and foundations. The organization also holds an annual Community Prayer Breakfast and other fundraising events which helps support the ongoing programs.

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

- **Choice Market**
 - Client-Choice food selection empowers clients to maximize limited resources
 - Provides a 6-day supply of food to eligible clients
 - Individuals may visit pantry 2 times a month for nutritional assistance
 - Assistance with personal goals while meeting nutritional needs

- **Farmer's Market**
 - Supplies fresh grown seasonal fruits and vegetables along with a variety of breads, baked goods, dairy and nutritious products to choose from
 - Selection encourages those served by offering healthy, nutritious eating options

- **Child Nutrition Programs**
 - *Share Bac a Pac*
 - Provides eligible children with free, nutritious weekend meals
 - Packs provided when school is in session
 - *Westerville Area Kids Lunch Club*
 - Provides eligible children with free, nutritious meals weekdays
 - Enrichment activities when school's not in session

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019

1. Organization and Nature of Activities (cont.)

➤ **Other Client Assistance**

- *Client Services Team*
 - The professional practice of partnering with clients so that over time they may acquire the resources, skills, and sustained behavior changes necessary to attain and preserve their economic independence
- *Way2Work Employment Support*
 - Offer career exploration sessions & upskill opportunities
 - Offer employment coaching & personal presentation assistance
 - Provide resume, job search, & interviewing support

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 has affected WARM’s operations, donors, suppliers, vendors, and other key stakeholders. WARM’s financial statements reflect significant increases to certain balances and results from typical levels (cash, contributions, grants, and assistance to individuals) as a result of the public response to COVID-19 in the last six months of the fiscal year. The extent to which the pandemic impacts WARM’s activities and results in fiscal year 2021 and beyond will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus and its impact, among others.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(b) Basis of Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of WARM’s management and board of directors.

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

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

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019

2. Summary of Significant Accounting Policies (cont.)

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

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

(e) Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on management's analysis of specific promises made.

(f) Depreciation

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

(g) Revenue Recognition

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019

2. Summary of Significant Accounting Policies (cont.)

(h) Functional Expense Allocations

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of WARM. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, telephone, and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

(i) Reclassifications

Certain amounts have been reclassified to conform to current year presentation

(j) New Accounting Pronouncements

On October 1, 2019, WARM adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method. The guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services. Adoption of this standard had no significant impact on the financial statements.

WARM also adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as it relates to resource recipients, effective October 1, 2019. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. The adoption of this guidance did not have a significant impact on the financial statements.

3. Tax Status & Accounting for Uncertainty in Income Taxes

WARM qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (as an association of churches) and, accordingly, is not subject to Federal income tax. The Internal Revenue Service has determined this status in their determination letter dated March 16, 2001. The Organization does file an income tax return (Form 990) in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2016.

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

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

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019

3. Tax Status & Accounting for Uncertainty in Income Taxes (cont.)

The Organization treats tax positions taken using the more-likely-than-not recognition threshold. Tax positions are measured in the year that the Organization believes that the position is more-likely-than-not to be sustained. Any positions that are not expected to be sustained will be recorded as a liability.

The Organization believes that none of the tax positions taken would be material to the financial statements.

4. Concentration of Credit Risk

The Organization has concentrated its credit risk by maintaining cash balances in a single financial institution located in Westerville, Ohio. During the year ended September 30, 2020, the Organization's cash balances exceeded federally insured limits that were in place. As of September 30, 2020, the Organization had uninsured cash balances of \$690,658. The Organization does not anticipate any loss resulting from this risk.

5. Grants Receivable

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

6. Inventories

The organization maintains inventories of food and household items to meet the needs of their clients. As a large portion of the inventory is donated to the organization, the actual cost of the inventory is not known.

The ending inventory at September 30, 2020 and 2019 has been estimated at \$134,026 and \$261,225, respectively, based on a physical inventory of the items on hand. The value of food is measured based on a value assigned to measurements of pounds of food. Based upon established measurements, a pound of food for 2020 and 2019 has a value of \$1.68 and \$1.65, respectively. WARM also receives and provides household goods to its clients. The value of which has been included as an integral part of the food inventory. The cost per pound difference of these household goods was not determined during 2020 or 2019. The impact to the inventory value is determined to be immaterial to the overall financial statements. At September 30, 2020 and 2019, WARM had on hand food and household items of 72,943 pounds and 141,513 pounds, respectively. Therefore, the inventory value has been estimated at \$134,026 for 2020 and \$261,225 for 2019. See notes 16 and 17.

The organization also maintains inventories for their Share Bac-A-Pac program. The ending inventory at September 30, 2020 and 2019 has been estimated at \$10,752 and \$27,728, respectively, based on a physical inventory of the food items on hand. For 2020 and 2019, the value of this inventory, which consisted of food items purchased and packaged directly by WARM, was measured based on a value assigned to measurements of pounds of food (\$1.68 and \$1.65, respectively).

It is at least reasonably possible that the Organization's estimate of the inventory on hand will change in the near term.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019

7. Current Liabilities

Accounts payable include the expense reimbursements for the Executive Director, a related party.

Accrued other expenses consist of amounts owed for wages, paid time off, employer payroll taxes, and retirement deferral funding liability. During 2015, the Organization applied for and received an exemption for all real estate taxes related to the property owned by the Organization. The exemption will remain in place so long as the Organization continues its primary tax-exempt purpose. Therefore, no accrued real estate tax is recorded at September 30, 2020 and 2019.

8. Paycheck Protection Loan

During the year ended September 30, 2020, due to the COVID-19 pandemic, the U.S. government created the small business Paycheck Protection Program (PPP). This program provides small businesses with funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgage, rents, and utilities. The Organization received funds under this program of \$122,005. Based on specific guidelines on usage of the funds, this loan is eligible for full forgiveness subsequent to the covered period. WARM's covered period ended October 21, 2020. If not forgiven, the loan is repayable over 5 years at an interest rate of 1%. Based on the established criteria for forgiveness, management believes the loan and accrued interest will be entirely forgiven prior to September 30, 2021; therefore, the loan proceeds are being reported as a current liability on these financial statements. Upon forgiveness, the proceeds and accrued interest will be reported as income.

9. Note Payable

The Organization's note payable consist of the following:

	2020	2019
Note payable to Cooperative Business Services, interest at three-year Treasury Index plus 2.5%, currently 2.97%, monthly payments of \$2,868, matures April 2023. Collateralized by building located at 150 Heatherdown, Westerville, OH	\$497,084	\$516,127
Less: Unamortized debt issuance costs	(1,479)	(2,071)
Long-term debt, less unamortized debt issuance costs	495,605	514,056
Less amounts due within one year	(20,856)	(17,851)
Total long-term debt	\$474,749	\$496,205

Maturities of long-term debt are as follows:

2021	\$20,856
2022	21,407
2023	454,821
	\$497,084

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019

10. Net Assets Without Donor Restrictions

The WARM board of directors have designated a required minimum cash reserve of \$100,000 to be maintained which is included in net assets without donor restrictions.

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

11. Net Assets With Donor Restrictions

Net assets with donor restrictions were designated for the Capital Campaign, Capital Improvements, and the Child Nutrition Programs. All are for use in subsequent years. Temporarily restricted net assets are available for use in the following purpose and year:

	2020	2019
Workforce Development	\$ 81,407	\$ 57,695
Child Nutrition Programs	12,500	12,500
Capital Improvements	<u>-</u>	<u>16,000</u>
Total	<u>\$ 93,907</u>	<u>\$ 86,195</u>

12. Liquidity and Availability of Resources

The Organization's financial assets available within one year of September 30, 2020 for general expenditures are as follows:

	2020	2019
Cash and cash equivalents	\$ 940,778	\$ 287,456
Contributions and grants receivable	<u>15,417</u>	<u>4,657</u>
Total financial assets available within one year	956,195	292,113
Less: Donor-imposed restrictions	<u>(93,907)</u>	<u>(86,195)</u>
Net financial assets after donor-imposed restrictions	862,288	205,918
Less: Amounts unavailable to management without Board approval	<u>(100,000)</u>	<u>(100,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 762,288</u>	<u>\$ 105,918</u>

The organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operation needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The organization has a liquidity policy to maintain current financial assets at a minimum of twice the amount of current liabilities. To achieve these targets, the organization forecasts its future cash flows and monitors its liquidity and reserves quarterly. During the years ended September 30, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

**Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019**

13. Donated Food & Goods

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

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

During the year ended September 30, 2020, the Organization received an estimated 1,096,056 lbs. (estimated value of \$1,841,909) of food and household items, respectively. Based on their considerable purchasing power, the Organization also receives significant purchase discounts from the Mid-Ohio Food Bank and local grocery stores. These purchase discounts were estimated at \$83,621 for 2020. Therefore, total donated food support recognized during 2020 was \$1,925,530.

WARM also participates in the Meijer "Simply Give" program which runs several times a year and allows customers to purchase a \$10 "Simply Give" donation card at checkout which is then converted into a Meijer Food-Only Gift Card and donated directly to a local food pantry selected by Meijer. Total gift cards received from Meijer as part of this program totaled \$10,400 in 2020 and are reported with donated goods in these financial statements.

14. Donated Services

The Organization relies on hundreds of volunteers annually to assist in the market and distribution center as well as educational and spiritual support classes. The total number of volunteer hours given during 2020 was approximately 25,000 hours, respectively. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-25-16 (formerly SFAS No. 116, "Accounting for Contributions Received and Contributions Made").

During the year ended September 30, 2020, the Organization received contributed services from several sources that meet the criteria for recognition under FASB ASC 958-605-25-16. These services, recorded at fair value, include the following items:

	2020
Resource Center:	
Approx. 86 hours, respectively	\$2,150
Total contributed services	\$2,150

15. Special Events

Due to the COVID-19 pandemic, the WARM annual fundraising event called the "Westerville Community Prayer Breakfast" in the spring was cancelled. The Organization hopes to resume this annual event as soon as possible.

WARM held miscellaneous other fundraising events during the year ended September 30, 2020 which produced revenue of \$21,457. Expenses directly related to these special events were \$4,724.

**Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2020 and 2019**

16. Assistance to Individuals

Amounts paid through WARM’s various programs on behalf of families and individuals as assistance in 2020 and 2019 consisted of the following types of expenditures:

	2020 Amount
Food Purchased	\$ 133,732
Supplies Purchased	13,628
Miscellaneous	933
Total Cost of Assistance Given	148,293
Food Donated & Distributed	2,052,729
Total Assistance for Individuals	\$ 2,201,022

17. Food Distributed

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

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

All food and household items donated to the organization during the fiscal year ended September 30, 2020 were weighed as received (see note 6). During 2020, WARM’s market served 6,668 households.

The cost of providing food and household items to clients consists of the food served to clients, as well as cost of expired food and food given to other programs. During the year ended September 30, 2020, food and household items provided to clients were estimated at approximately 892,922 lbs. (approx. \$1,572,189). The Organization incurred waste (due to expired dating on perishables) and provided food items to other organizations that were nearing expiration for immediate use of approximately 295,813 lbs. (approx. \$496,966) in 2020. Therefore, the total cost of food and household items provided during 2020 were \$2,069,155 (of which WARM purchased only \$16,425 for 2020).

The Kids Summer Lunch Club (KLC) is a free program that provides children 18 and under with nutritious meals and coordinated enrichment activities throughout the summer when school is not in session. In 2020, WARM operated fourteen sites and served over 350 children per weekday. Additionally, KLC distributed thousands of pounds of fresh produce in 2020 to further help children and families throughout the community. WARM’s cost of meals provided was \$99,479 in 2020. During 2020, the Organization received \$91,732 in qualified meal and other expense reimbursements from the State of Ohio related to KLC.

The Share Bac a Pac program provides healthy foods and snacks to children who are at risk of hunger on weekends and school breaks when free and reduced meals are not available. During 2020, the program distributed almost 12,900 bags through 20 schools located within the Westerville School District, at a total cost of \$31,496 in 2020.

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18. Leasing Arrangements

WARM currently pays subscription and training fees for the use of various online fundraising, inventory, and client service software and databases on a month-to-month or quarter-to-quarter basis. Total cost related to these subscriptions totaled \$28,288 for the year ended September 30, 2020.

Beginning in June 2019, WARM entered into an operating lease with an unrelated third party for office equipment with a term of 63 months and payments of \$810 per month. Total cost related to this lease totaled \$9,720 for the year ended September 30, 2020.

As of September 30, 2020, the future minimum lease payments under non-cancellable lease agreements are as follows:

2021	\$ 9,720
2022	9,720
2023	9,720
2024	8,910
	<u>\$ 38,070</u>

19. Retirement Plan

In June 2016, WARM adopted a new non-ERISA 403(b) plan eligible to religious organizations. The plan allows pre-tax deferral and Roth deferral contributions by the participants and discretionary contributions by the employer but is not subject to the provisions of ERISA. A discretionary employer contribution of \$5,000 was made for the year ended September 30, 2020.

20. Concentrations

WARM relies on hundreds of volunteers to carry out their program services. The Organization also relies on food donations from a variety of sources (see note 13). Diversification of sources is done in an effort to minimize risk from any one major donor or source of volunteers. In the event that these sources of support were to be eliminated, it is likely that the Organization would need to reduce its current operations, at least temporarily. The Organization does not expect that this support will be lost in the near term.

23. Subsequent Events

Subsequent events were evaluated through January 9, 2021, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. No significant events have occurred subsequent to year end.