

**WHITE PONY EXPRESS**  
**(A NONPROFIT PUBLIC BENEFIT CORPORATION)**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021)**

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INDEPENDENT AUDITOR'S REPORT

September 13, 2023

Board of Directors  
White Pony Express  
Pleasant Hill, California

**Opinion**

I have audited the accompanying financial statements of White Pony Express (a nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of White Pony Express as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of White Pony Express and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about White Pony Express' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

White Pony Express  
Pleasant Hill, California

and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of White Pony Express' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about White Pony Express' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Report on Summarized Comparative Information**

I have previously audited White Pony Express' 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated August 10, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Healy and Associates  
Concord, California

**WHITE PONY EXPRESS**

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)

	Total	
	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 658,897	\$ 1,609,983
Investments - CDs	1,500,083	-
Grants and contributions receivable	312,737	276,480
Donated goods on hand	243,518	41,755
Note receivable, current portion	-	14,560
Prepaid expenses	27,709	47,180
Total current assets	2,742,944	1,989,958
Long-term investment	100,710	-
Right-of-use asset, operating lease	409,642	-
Deposits	10,469	7,250
Fixed assets, net	282,420	338,564
TOTAL ASSETS	<u>\$ 3,546,185</u>	<u>\$ 2,335,772</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 26,848	\$ 11,101
Accrued PTO payable	44,373	50,077
Accrued payroll payable	37,549	36,843
Lease liability, current portion	203,565	-
Line of credit	-	-
Total current liabilities	312,335	98,021
Lease liability, long-term portion	216,086	-
TOTAL LIABILITIES	<u>528,421</u>	<u>98,021</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Board designated	100,710	-
General undesignated	2,750,232	2,022,751
With donor restrictions	166,822	215,000
TOTAL NET ASSETS	<u>3,017,764</u>	<u>2,237,751</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,546,185</u>	<u>\$ 2,335,772</u>

See Notes to Financial Statements

**WHITE PONY EXPRESS**

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
<b>REVENUE AND SUPPORT:</b>				
In-kind food	\$ 7,969,821	\$ -	\$ 7,969,821	\$ 8,799,126
In-kind clothing and goods	4,480,923	-	4,480,923	636,933
Contributions	1,898,636	493,432	2,392,068	2,508,665
Government grants	466,782	-	466,782	190,260
Interest income	11,472	-	11,472	2,339
In-kind services and equipment	3,000	-	3,000	-
Investment income, net	793	-	793	-
Other income	693	-	693	14,726
Gain on forgiveness of loan (PPP)	-	-	-	219,997
Gain on disposal of assets	-	-	-	31,000
In-kind use of facilities	-	-	-	5,420
	<u>14,832,120</u>	<u>493,432</u>	<u>15,325,552</u>	<u>12,408,466</u>
Net assets released from restriction	<u>541,610</u>	<u>(541,610)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>15,373,730</u>	<u>(48,178)</u>	<u>15,325,552</u>	<u>12,408,466</u>
<b>EXPENSES:</b>				
Program	14,215,659	-	14,215,659	11,208,169
General and administrative	148,834	-	148,834	287,866
Fundraising	181,046	-	181,046	164,148
Total expenses	<u>14,545,539</u>	<u>-</u>	<u>14,545,539</u>	<u>11,660,183</u>
Change in net assets	828,191	(48,178)	780,013	748,283
NET ASSETS, beginning of year	<u>2,022,751</u>	<u>215,000</u>	<u>2,237,751</u>	<u>1,489,468</u>
NET ASSETS, end of year	<u>\$ 2,850,942</u>	<u>\$ 166,822</u>	<u>\$ 3,017,764</u>	<u>\$ 2,237,751</u>

See Notes to Financial Statements

**WHITE PONY EXPRESS**

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program	General and Administrative	Fundraising	Total	
				2022	2021
EXPENSES:					
In-kind food distributed	\$ 7,969,821	\$ -	\$ -	\$ 7,969,821	\$ 8,799,126
In-kind clothing and goods distributed	4,284,503	-	-	4,284,503	655,043
Payroll and benefits	1,089,963	54,265	139,721	1,283,949	1,318,273
Occupancy	202,978	2,253	2,253	207,484	187,572
Depreciation and amortization	134,671	13,200	-	147,871	125,902
Fuel and fleet maintenance	137,485	-	-	137,485	112,525
Program supplies	118,633	1,132	(3,340)	116,425	77,124
Utilities and building services	86,252	930	830	88,012	85,918
Professional services	9,854	62,742	8,354	80,950	148,323
Furniture and equipment	41,402	3,005	11,547	55,954	53,960
Insurance	48,197	253	253	48,703	42,777
Information technology	35,879	1,595	4,137	41,611	648
Event expenses	16,494	1,085	5,182	22,761	7,184
Office expenses	11,930	1,996	918	14,844	11,259
Dues and memberships	11,506	85	227	11,818	9,844
Travel and meals	9,324	918	859	11,101	2,042
Interest and bank charges	-	1,462	9,177	10,639	12,080
Miscellaneous	6,221	103	882	7,206	4,853
In-kind services and equipment	-	3,000	-	3,000	-
Taxes and fees	-	792	-	792	225
Advertising and promotion	546	18	46	610	85
In-kind use of facilities	-	-	-	-	5,420
TOTAL EXPENSES	<u>\$ 14,215,659</u>	<u>\$ 148,834</u>	<u>\$ 181,046</u>	<u>\$ 14,545,539</u>	<u>\$ 11,660,183</u>

**WHITE PONY EXPRESS**

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Total	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 780,013	\$ 748,283
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	147,871	125,902
Unrealized gain on investments	(275)	-
CHANGES IN ASSETS AND LIABILITIES:		
Grants and contributions receivable	(36,257)	(27,658)
Prepaid expenses	19,471	18,785
Donated goods on hand	(201,763)	18,110
Right-of-use asset	(409,642)	-
Security deposits	(3,219)	-
Accounts payable and accrued expenses	15,747	(24,039)
Accrued payroll and related expenses	(4,998)	(5,402)
Lease liability	419,651	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>726,599</u>	<u>853,981</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in long term investments	(100,710)	-
Purchase of investments - CDs	(1,500,000)	-
Change in investments	192	-
Purchase of fixed assets	<u>(91,727)</u>	<u>(177,630)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,692,245)</u>	<u>(177,630)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments received on note receivable	<u>14,560</u>	<u>13,140</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>14,560</u>	<u>13,140</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(951,086)	689,491
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,609,983</u>	<u>920,492</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 658,897</u>	<u>\$ 1,609,983</u>
SUPPLEMENTAL DISCLOSURE		
Donation of food, clothing, and goods - noncash activity	<u>\$ 12,450,744</u>	<u>\$ 9,436,059</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-use asset	<u>\$ 611,333</u>	<u>\$ -</u>
Operating lease liability for right-of-use asset	<u>\$ 611,333</u>	<u>\$ -</u>

See Notes to Financial Statements



## WHITE PONY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

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#### NOTE A – NATURE OF ACTIVITIES

White Pony Express (Organization) is a California nonprofit public benefit corporation, founded in 2014 with its principal office in Pleasant Hill, California. The Organization's mission is to relay food, clothing, and other goods in accordance with its founding mission: "To help eliminate hunger and poverty in Contra Costa County, California by delivering the abundance all around us to those in need with love." All goods and services are provided free of charge and each of its programs are operated primarily by dedicated volunteers.

The Organization serves its beneficiaries through the following programs:

Food Rescue – Rescues high-quality surplus foods and delivers it to nonprofit organizations serving those in need.

White Pony General Store – The White Pony General Store freely distributes new and gently used clothing, toys, and books. The Organization increased its General Store offering to nonprofit organizations that serve those in need.

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization 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 the Organization's management and the 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 the Organization 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.

## **WHITE PONY EXPRESS**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

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#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

##### Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments, if any, with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

##### Grants and Contributions Receivable

Grants and contributions receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. All grants and contributions receivable as of December 31, 2022 are expected to be paid within one year. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2022.

##### Donated Goods on Hand

Donated goods on hand consist principally of clothing held for distribution, which are accounted for on a first in first out basis. The Organization uses guidelines established by the Salvation Army and Goodwill Industries to value clothing donations. Food is distributed on the same day as it is collected, thus there is no food inventory. Management evaluates the condition of inventory assets and does not consider an allowance for obsolescence necessary as of December 31, 2022.

##### Fixed Assets

Fixed asset additions, in excess of \$5,000, are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally three to five years. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

## WHITE PONY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

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#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents, and investments measured using Level 1 and 2 inputs. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

- **Level 1**— Quoted prices for identical assets in active markets.
- **Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- **Level 3**— Unobservable inputs that cannot be corroborated by observable market data.

##### Tax Exemption Status

The Organization has received tax exempt status under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

##### Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited, either using square feet of space or personnel time records.

## **WHITE PONY EXPRESS**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

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#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Revenue Recognition**

The Organization is supported primarily through in-kind donations and contributions.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. The Organization has \$145,346 in cost-reimbursement grants that have not been recognized as of December 31, 2022, because performance requirements have not been met and/or qualifying expenditures have not yet been incurred. No amounts have been received in advance under the cost-reimbursable grants.

##### **Donated Food, Clothing, and Goods**

The Organization recognizes donated food, clothing, and goods as revenue at fair value when received and distributed. Food is generally distributed on the same day received and is valued at the industry rate per pound distributed. Clothing and goods are generally distributed soon after receipt and are valued at industry thrift store rates per unit distributed for used goods. Donated food, clothing and goods are those items that are distributed to beneficiaries of the programs described in Note A.

##### **Other In-kind Donations**

Other in-kind donations are those resources used by the Organization in fulfilling its mission and consist primarily of donated facilities rent, use of vehicles, and professional services. Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are valued at fair value at the time provided.

##### **Newly Adopted Accounting Principles**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right of use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The standard requires

## **WHITE PONY EXPRESS**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

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#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Newly Adopted Accounting Principles (Continued)**

a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization adopted the standard on January 1, 2022. The Organization elected the 'package of practical expedients', which permitted the Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs; and all of the new standard's available transition practical expedients. In addition, the Organization adopted the practical expedients of using the risk-free interest rate and the short-term lease definition. The adoption of the standard resulted in the addition of right of use assets and lease liabilities as reflected in the accompanying financial statements.

The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, less any lease incentives received. All right-of-use assets are reviewed for impairment. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an incremental borrowing rate for the same term as the underlying lease. Lease expense for our operating lease is recognized on a straight-line basis over the lease term. Included in lease expense are any variable lease payments incurred in the period that were not included in the initial lease liability.

##### **Comparative Financial Information and Reclassifications**

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2021, from which the summarized information was derived.

#### **NOTE C – CONCENTRATIONS**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents accounts in financial institutions. Cash and cash equivalents, exceeding federally insured limits totaled \$235,629 as of December 31, 2022. In addition, the Organization has \$3,001 in a PayPal account which carries no deposit insurance. To date, the Organization has not experienced losses in any of these accounts, and the liquidity of the financial institution is monitored by management.

**WHITE PONY EXPRESS****NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

**NOTE C – CONCENTRATIONS (Continued)**

The Organization derives a significant portion (81%) of its revenue from donated food and clothing. Any loss of these donations could have an impact on the Organization's ability to provide services.

At December 31, 2022, two funders accounted for 73% of total receivables (37% and 36%).

**NOTE D – DONATED GOODS ON HAND**

Donated goods on hand as of December 31, 2022 is comprised of the following:

Adult clothing	\$ 188,810
Children's clothing	43,319
Books and games	2,526
Miscellaneous inventory	8,863
Total donated goods on hand	<u>\$ 243,518</u>

**NOTE E – NOTE RECEIVABLE**

In August 2020, the Organization sold a 16' restroom trailer for \$35,000 and held a note receivable. The agreement stipulated equal payments of \$1,460 per month for 24 months. The note did not charge any interest, and were it imputed, it would have been immaterial to these financial statements taken as a whole. During the year December 31, 2022, the remaining balance due of \$14,560 was paid and the balance at year end is \$0.

**NOTE F – INVESTMENTS**

Investment composition as of December 31, 2022 is as follows:

Certificates of deposit (CD) – Level 2 FMV	\$ 1,500,083
Total investments	<u>\$ 1,500,083</u>

Investment activity for the year ended December 31, 2022 consists of the following:

Beginning balance at January 1, 2022	\$ -
Purchase of certificates of deposit	1,500,000
Unrealized loss	(924)
Interest earned	1,007
Ending balance at December 31, 2022	<u>\$ 1,500,083</u>

The certificates of deposit (CD) have accrued interest of \$7,262 at December 31, 2022. The interest is recognized when the CD reaches maturity, and the financial institution delivers the earned funds.

**WHITE PONY EXPRESS****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

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**NOTE G – FIXED ASSETS**

Fixed assets as of December 31, 2022 are comprised of the following:

Vehicles	\$ 850,906
Furniture and equipment	120,589
Leasehold improvements	106,505
Software	44,000
Accumulated depreciation and amortization	<u>(839,580)</u>
Total fixed assets	<u>\$ 282,420</u>

Depreciation and amortization expenses are \$135,649 and \$12,222, respectively, for a total of \$147,871 for the year ended December 31, 2022.

**NOTE H – LONG TERM INVESTMENT – BOARD DESIGNATED RESERVE**

During the year ended December 31, 2022, the Organization deposited \$100,000 with the East Bay Community Foundation for the creation of a Board designated reserve. The investment is measured under Level 2 of the fair value hierarchy. The activity for the investment is as follows:

Deposit to establish fund	\$100,000
Earnings	(30)
Unrealized gain	1,199
Less: investment and administrative fees	<u>(459)</u>
Total board reserve	<u>\$ 100,710</u>

**NOTE I – LINE OF CREDIT**

The Organization has a \$300,000 secured revolving line of credit with a financial institution, which extends through October 2024. Borrowings bear interest at the prime rate (set by the funder) plus 2.75%, with a floor of 8.25%. There was \$0 drawn under the line of credit at December 31, 2022.

**NOTE J – EMPLOYEE BENEFITS**

The Organization's employees are entitled to paid time off. The amount of paid time off liability at December 31, 2022 is \$44,373 and is reflected in the accompanying financial statements.

The Organization offers participation in a 401(k) plan for eligible employees. The plan allows for employer matching of the employee salary deferral. Employer retirement matching expense for the year ended December 31, 2022 is \$25,438.

**WHITE PONY EXPRESS**

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

**NOTE K – IN-KIND DONATIONS**

For the year ended December 31, 2022, donations of food, clothing, equipment, and services were received as follows:

<u>Category and Allocation</u>	<u>Valuation Technique</u>	<u>Quantity</u>	<u>Total Received</u>
Food – Program	≈\$2.2254/lb	3,581,370 lbs	\$ 7,969,821
Clothing and goods – Program	Thrift store value		4,480,923
Donated services – Admin.	FMV of services		2,500
Donated equipment – Admin.	FMV of equip.		500
			<u>\$12,453,744</u>

**NOTE L – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 658,897
Investments	1,600,793
Grants and contributions receivable	<u>312,737</u>
Total financial assets	2,572,427
Less:	
Net assets with Board designations	(100,710)
Net assets with purpose restrictions to be met in one year	<u>(166,822)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,304,895</u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements, if available, in short-term investments.

To help manage liquidity needs, the Organization has a committed line of credit in the amount of \$300,000 which it could draw upon.

In addition, the Organization's board designated funds are \$100,710 at December 31, 2022. Although they do not intend to spend from this board designated fund, these amounts could be made available if necessary.



## WHITE PONY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

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#### NOTE M – COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2022, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments.

The Organization leases office and warehouse space under a noncancellable lease in Pleasant Hill, California, which runs through December 2024 at a rate of approximately \$17,000 per month, from a Board member (see Note O). The Organization also rents small equipment and storage spaces for program purposes, with varying terms and costs that do not meet the criteria for treatment under ASU 2016-02, *Leases* (Topic 842).

The client used a rate of 1.04% to determine present value. Right-of-use assets were \$409,642 and lease liabilities were \$419,651 as of December 31, 2022. The weighted-average discount rate used to calculate the present value of future minimum lease payments was the risk-free interest rate of 1.04%. The weighted-average lease term was 2 years at December 31, 2022.

Lease expense consists of the following for the year ended December 31, 2022:

Operating lease expenses	\$ 206,959
Short-term storage lease expense	525
Short-term equipment lease expense	4,038
Total lease expense	<u>\$ 211,522</u>

The total cash amount paid for operating leases was \$196,950 for the fiscal year ended December 31, 2022, with a non-cash component of \$10,009.

Future minimum payments for the fiscal year ended December 31 is as follows:

	<u>Operating Leases</u>
2023	\$ 206,798
2024	217,138
Total minimum lease payments	<u>423,936</u>
Less: net present value	<u>(4,285)</u>
Present value of minimum lease payments	<u>\$ 419,651</u>

**WHITE PONY EXPRESS****NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

**NOTE N – BOARD DESIGNATED NET ASSETS**

For the year ended December 31, 2022, net assets with board designation had the following activity:

Nature of Restriction	Beginning Balance	Allocation to Reserve	Released from Restriction	Ending Balance
Board designated reserve	\$ -	\$ 100,710	\$ -	\$ 100,710
Total	\$ -	\$ 100,710	\$ -	\$ 100,710

**NOTE O – NET ASSETS WITH DONOR RESTRICTIONS**

For the year ended December 31, 2022, net assets with donor restrictions had the following activity:

Nature of Restriction	Beginning Balance	Income and Contribution	Released from Restriction	Ending Balance
Purpose –				
Food services	\$ 215,000	\$ 493,432	(\$541,610)	\$ 166,822
Total	\$ 215,000	\$ 493,432	(\$ 541,610)	\$ 166,822

**NOTE P – RELATED PARTY TRANSACTIONS**

As discussed in Note M, the Organization leases its office and warehouse space from a member of the Board of Directors. The total rent expenses paid to the board member for the year ended December 31, 2022 was \$196,950.

A relative of the Executive Director sits on the Board of Directors for the Organization.

**NOTE Q – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events for recognition and disclosure through September 13, 2023, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2022, that required recognition or disclosure in the financial statements.