

WHITE PONY EXPRESS
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022)

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H E A L Y A N D A S S O C I A T E S

C E R T I F I E D P U B L I C A C C O U N T A N T

INDEPENDENT AUDITOR'S REPORT

August 23, 2024

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, 2023, 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, 2023, 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' 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated September 13, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Healy and Associates

Healy and Associates
Concord, California

WHITE PONY EXPRESS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)

	Total	
	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,309,920	\$ 658,897
Investments - CDs	2,200,902	1,500,083
Grants and contributions receivable	871,907	312,737
Donated goods on hand	21,358	243,518
Prepaid expenses	13,743	27,709
Total current assets	4,417,830	2,742,944
Long-term investment	113,605	100,710
Right-of-use asset, operating lease	205,911	409,642
Deposits	54,764	10,469
Fixed assets, net	283,491	282,420
TOTAL ASSETS	\$ 5,075,601	\$ 3,546,185
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 47,855	\$ 26,848
Accrued PTO payable	41,520	44,373
Accrued payroll payable	46,083	37,549
Lease liability, current portion	216,086	203,565
Line of credit	-	-
Total current liabilities	351,544	312,335
Lease liability, long-term portion	-	216,086
TOTAL LIABILITIES	351,544	528,421
NET ASSETS		
Without donor restrictions:		
Board designated	113,605	100,710
General undesignated	3,483,216	2,750,232
3,596,821	2,850,942	
With donor restrictions	1,127,236	166,822
TOTAL NET ASSETS	4,724,057	3,017,764
TOTAL LIABILITIES AND NET ASSETS	\$ 5,075,601	\$ 3,546,185

WHITE PONY EXPRESS

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

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

	Without Donor Restrictions	With Donor Restrictions	2023	Total 2022
REVENUE AND SUPPORT:				
In-kind food	\$ 8,298,668	\$ -	\$ 8,298,668	\$ 7,969,821
Contributions	1,510,453	1,933,824	3,444,277	2,392,068
Government grants	622,872	-	622,872	466,782
In-kind clothing and goods	347,784	-	347,784	4,480,923
In-kind services and equipment	123,809	-	123,809	3,000
Investment income, net	73,347	-	73,347	793
Fundraising events:				
Gross proceeds	96,976			
Less: direct expenses	(41,456)	55,520	55,520	-
Other income	611	-	611	693
Interest income	-	-	-	11,472
	11,033,064	1,933,824	12,966,888	15,325,552
Net assets released from restriction	973,410	(973,410)	-	-
Total revenue and support	12,006,474	960,414	12,966,888	15,325,552
EXPENSES:				
Program	10,806,105	-	10,806,105	14,215,659
Supporting services:				
General and administrative	164,824	-	164,824	148,834
Fundraising	289,666	-	289,666	181,046
Total expenses	11,260,595	-	11,260,595	14,545,539
Change in net assets	745,879	960,414	1,706,293	780,013
NET ASSETS, beginning of year	2,850,942	166,822	3,017,764	2,237,751
NET ASSETS, end of year	\$ 3,596,821	\$ 1,127,236	\$ 4,724,057	\$ 3,017,764

WHITE PONY EXPRESS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

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

	Program	General and Administrative	Fundraising	Total	
				2023	2022
EXPENSES:					
In-kind food distributed	\$ 8,298,668	\$ -	\$ -	\$ 8,298,668	\$ 7,969,821
Payroll and benefits	1,065,765	77,315	219,565	1,362,645	1,283,949
In-kind clothing and goods distributed	569,554	-	-	569,554	4,284,503
Occupancy	219,249	2,434	2,434	224,117	207,484
Professional services	84,539	62,401	44,639	191,579	80,950
Depreciation and amortization	155,356	10,784	-	166,140	147,871
Fuel and fleet maintenance	164,534	-	70	164,604	137,485
Utilities and building services	88,429	882	922	90,233	88,012
Insurance	55,484	212	212	55,908	48,703
Program supplies	42,493	1,082	1,030	44,605	116,425
Furniture and equipment	33,289	3,264	7,907	44,460	55,954
Event expenses	-	-	41,456	41,456	22,761
Travel and meals	13,966	(1,150)	873	13,689	11,101
Office expenses	5,236	696	5,320	11,252	14,844
Miscellaneous	4,455	3,288	1,133	8,876	7,206
Interest and bank charges	-	174	4,291	4,465	10,639
Dues and memberships	3,148	152	450	3,750	11,818
In-kind services and equipment	-	2,500	-	2,500	3,000
Information technology	1,816	126	502	2,444	41,611
Taxes and fees	-	655	291	946	792
Advertising and promotion	124	9	27	160	610
TOTAL EXPENSES	10,806,105	164,824	331,122	11,302,051	14,545,539
Less expenses included with revenues on the statement of activities:					
Direct fundraising expenses	-	-	(41,456)	(41,456)	-
Total expenses included in the expense section of the statement of activities	\$ 10,806,105	\$ 164,824	\$ 289,666	\$ 11,260,595	\$ 14,545,539

WHITE PONY EXPRESS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

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

	Total	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,706,293	\$ 780,013
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	166,140	147,871
Unrealized gain on investments	(4,320)	(275)
Donated fixed assets	(121,309)	-
CHANGES IN ASSETS AND LIABILITIES:		
Grants and contributions receivable	(559,170)	(36,257)
Prepaid expenses	13,966	19,471
Donated goods on hand	222,160	(201,763)
Right-of-use asset	203,731	(409,642)
Security deposits	(44,295)	(3,219)
Accounts payable and accrued expenses	21,007	15,747
Accrued payroll and related expenses	5,681	(4,998)
Lease liability	<u>(203,565)</u>	<u>419,651</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,406,319</u>	<u>726,599</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in long term investments	(12,895)	(100,710)
Purchase/redemption of investments - CDs, net	(1,116,341)	(1,500,000)
Withdrawals to cash	450,000	-
Change in investments	(30,158)	192
Purchase of fixed assets	<u>(45,902)</u>	<u>(91,727)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(755,296)</u>	<u>(1,692,245)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments received on note receivable	-	14,560
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>14,560</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>651,023</u>	<u>(951,086)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>658,897</u>	<u>1,609,983</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,309,920</u>	<u>\$ 658,897</u>
SUPPLEMENTAL DISCLOSURE		
Donation of food, clothing, and goods - noncash activity	<u>\$ 8,646,452</u>	<u>\$ 12,450,744</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-use asset	<u>\$ -</u>	<u>\$ 611,333</u>
Operating lease liability for right-of-use asset	<u>\$ -</u>	<u>\$ 611,333</u>

See Notes to Financial Statements

WHITE PONY EXPRESS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

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.

Clothing and Care – Freely distributes new and gently used clothing, toys, and books. The Organization offers its General Store 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, 2023

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

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, 2023 are expected to be paid within one year. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2023.

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, 2023.

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, 2023

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

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, 2023

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

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 \$255,000 in cost-reimbursement grants that have not been recognized as of December 31, 2023, 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.

Comparative Financial Information and Reclassifications

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. 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, 2022, from which the summarized information was derived.

WHITE PONY EXPRESS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information and Reclassifications (Continued)

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.

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 \$93,752 as of December 31, 2023.

The Organization derives a significant portion (67%) 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, 2023, two funders accounted for 58% of total receivables (37% and 21%).

NOTE D – DONATED GOODS ON HAND

Donated goods on hand as of December 31, 2023 is comprised of the following:

Adult clothing	\$ 3,996
Children's clothing	11,988
Books and games	200
Miscellaneous inventory	5,174
Total donated goods on hand	<hr/> <u>\$ 21,358</u>

NOTE E – FIXED ASSETS

Fixed assets as of December 31, 2023 are comprised of the following:

Vehicles	\$ 930,653
Furniture and equipment	163,841
Leasehold improvements	106,505
Software	65,000
Accumulated depreciation and amortization	(982,508)
Total fixed assets	<hr/> <u>\$ 283,491</u>

Depreciation and amortization expenses are \$152,807 and \$13,333, respectively, for a total of \$166,140 for the year ended December 31, 2023.

WHITE PONY EXPRESS**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2023****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

NOTE F – INVESTMENTS

Investment composition as of December 31, 2023 is as follows:

Certificates of deposit (CD) – Level 2 FMV	\$ 2,200,902
Total investments	<u>\$ 2,200,902</u>

Investment activity for the year ended December 31, 2023 consists of the following:

Beginning balance at January 1, 2022	\$ 1,500,083
Deposits	1,882,440
Withdrawals	(450,000)
Unrealized loss	(4,922)
Interest earned	65,374
Portion classified as cash	(792,073)
Ending balance at December 31, 2023	<u>\$ 2,200,902</u>

NOTE G – 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	\$100,710
Earnings	5,077
Unrealized gain	9,242
Less: investment and administrative fees	(1,424)
Total board reserve	<u>\$ 113,605</u>

NOTE H – 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, 2023.

WHITE PONY EXPRESS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

NOTE I – EMPLOYEE BENEFITS

The Organization's employees are entitled to paid time off. The amount of paid time off liability at December 31, 2023 is \$41,520 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, 2023 is \$24,186.

NOTE J – 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	\$ 1,309,920
Investments	2,200,902
Board designated investments	113,605
Grants and contributions receivable	871,907
Total financial assets	<hr/> 4,496,334
Less:	
Net assets with Board designations	(113,605)
Net assets with purpose restrictions to be met in one year	<hr/> (1,127,236)
Financial assets available to meet cash needs for general expenditures within one year	<hr/> \$ 3,255,493

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 \$113,605 at December 31, 2023. 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, 2023

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

NOTE K – LEASES

The Organization follows 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 has elected the “package of practical expedients”. In addition, the Organization adopted the practical expedient of using the risk-free interest rate and the short-term lease definition.

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 meet the criteria for treatment as short-term leases.

The client used a rate of 1.04% to determine present value. Right-of-use assets were \$205,911 and lease liabilities were \$216,086 as of December 31, 2023. 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 1 years at December 31, 2023.

Lease expense consists of the following for the year ended December 31, 2023:

Operating lease expenses	\$ 206,964
Short-term lease expense	8,983
Total lease expense	<u>\$ 215,947</u>

The total cash amount paid for operating leases was \$206,798 for the fiscal year ended December 31, 2023, with a non-cash component of \$166.

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

	<u>Operating Leases</u>
2024	\$ 217,138
Less: net present value	(1,052)
Present value of minimum lease payments	<u>\$ 216,086</u>

WHITE PONY EXPRESS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

NOTE L – IN-KIND DONATIONS

For the year ended December 31, 2023, donations of food, clothing, equipment, and services were received as follows:

Category and Allocation	Valuation Technique	Quantity	Total Received
Food – Program	≈\$2.304/lb	3,601,878 lbs	\$ 8,298,668
Clothing and goods – Program	Thrift store value		347,784
Donated services – Admin.	FMV of services		2,500
Donated equipment – Fixed assets	FMV of equip.		121,309
 Total in-kind donations			 \$ 8,770,261

NOTE M – BOARD DESIGNATED NET ASSETS

For the year ended December 31, 2023, net assets with board designation had the following activity:

Nature of Restriction	Beginning Balance	Earnings on Investment	Released from Restriction	Ending Balance
Board designated reserve	\$ 100,710	\$ 12,895	\$ -	\$ 113,605
Total	<u>\$ 100,710</u>	<u>\$ 12,895</u>	<u>\$ -</u>	<u>\$ 113,605</u>

NOTE N – NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2023, net assets with donor restrictions had the following activity:

Nature of Restriction	Beginning Balance	Income and Contribution	Released from Restriction	Ending Balance
Time	\$ 100,000	\$ 1,625,000	(\$ 709,208)	\$ 1,015,792
Purpose:				
Food services	66,822	308,824	(264,202)	111,444
Total	<u>\$ 166,822</u>	<u>\$ 1,933,824</u>	<u>(\$ 973,410)</u>	<u>\$ 1,127,236</u>

NOTE O – RELATED PARTY TRANSACTIONS

As discussed in Note K, the Organization leases its office and warehouse space from a member of the Board of Directors. The total rent and related expenses paid to the board member for the year ended December 31, 2023 was \$216,358.

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

WHITE PONY EXPRESS**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2023****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

NOTE P – SUBSEQUENT EVENTS

Subsequent to year end, the Organization leased a new space for operations to commence January 2024 and runs through January 2029. The Organization took possession of the space in 2024.

The Organization has evaluated subsequent events for recognition and disclosure through August 23, 2024, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2023, that required recognition or disclosure in the financial statements.