



*Reports of Independent Auditors and  
Financial Statements with Federal Awards  
Supplementary Information*

**Alameda County Community Food Bank**

*June 30, 2020 and 2019*

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## **Report of Independent Auditors**

The Board of Directors  
Alameda County Community Food Bank

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Alameda County Community Food Bank (the "Food Bank"), which comprise the statements of financial position as June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Food Bank'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 Food Bank'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 Alameda County Community Food Bank as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Adoption of New Accounting Standards**

As discussed in Note 2 to the financial statements, the Food Bank adopted Accounting Standards Update ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* using the modified prospective basis. Our opinion is not modified with respect to this matter.

## **Other Matters**

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of Expenditures of Federal Awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *Schedule of Other Government Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020, on our consideration of the Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank's internal control over financial reporting and compliance.



San Francisco, California  
November 2, 2020

## **Financial Statements**

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**Alameda County Community Food Bank**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 27,665,063	\$ 3,895,379
Grants receivable	2,313,167	951,946
Promises to give, net	1,518,856	2,661,045
Program revenue and other receivables	92,818	84,656
Inventory	2,090,325	2,310,191
Prepaid expenses and deposits	290,200	295,386
Investments	5,877,680	5,774,179
Property and equipment, net	<u>10,296,667</u>	<u>10,334,635</u>
Total Assets	<u>\$ 50,144,776</u>	<u>\$ 26,307,417</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 998,525	\$ 959,381
Accrued compensated absences	501,857	454,714
Deferred revenue	57,331	41,663
Loan payable	<u>1,467,100</u>	<u>-</u>
Total Liabilities	<u>3,024,813</u>	<u>1,455,758</u>
Net Assets		
Without donor restrictions:		
Undesignated	1,000,000	300,000
Board designated:		
Inventory	2,090,325	2,310,191
Property and equipment, net	10,296,667	10,334,635
Board designated (financial assets)	<u>31,290,040</u>	<u>8,764,000</u>
Total board designated	43,677,032	21,408,826
Total Net Assets Without Donor Restrictions	<u>44,677,032</u>	<u>21,708,826</u>
With donor restrictions	<u>2,442,931</u>	<u>3,142,833</u>
Total Net Assets	<u>47,119,963</u>	<u>24,851,659</u>
Total Liabilities and Net Assets	<u>\$ 50,144,776</u>	<u>\$ 26,307,417</u>

**Alameda County Community Food Bank**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2020**

	Without donor restrictions	With donor restrictions	Total
<b>Operating Activities</b>			
Support and revenue			
Donated commodities received	\$ 56,262,344	\$ -	\$ 56,262,344
Government revenue	6,255,474	-	6,255,474
Foundation/corporation grants	9,838,469	2,533,451	12,371,920
Individual contributions	25,197,054	372,832	25,569,886
Special events, gross	756,176		756,176
Program revenue	556,623	-	556,623
Interest and other income	242,825	-	242,825
Net realized gain on investments	11,130	-	11,130
Net assets released from restrictions	3,606,185	(3,606,185)	-
<b>Total Support and Revenue</b>	<b>102,726,280</b>	<b>(699,902)</b>	<b>102,026,378</b>
<b>Expenses</b>			
Program Services			
Food distribution	68,301,586	-	68,301,586
Outreach	2,007,815	-	2,007,815
Agency services	1,372,560	-	1,372,560
Nutrition programs	221,041	-	221,041
Advocacy, research and community engagement	1,345,081	-	1,345,081
Volunteer program	651,156	-	651,156
<b>Total Program Services</b>	<b>73,899,239</b>	<b>-</b>	<b>73,899,239</b>
Infrastructure and Supporting Services			
Resource development/fundraising	3,214,699	-	3,214,699
Management and general	2,642,658	-	2,642,658
<b>Total Infrastructure and Supporting Services</b>	<b>5,857,357</b>	<b>-</b>	<b>5,857,357</b>
<b>Total Expenses</b>	<b>79,756,596</b>	<b>-</b>	<b>79,756,596</b>
<b>Total Operating Net Income</b>	<b>22,969,684</b>	<b>(699,902)</b>	<b>22,269,782</b>
<b>Non Operating Activities</b>			
Net unrealized gain on investments	13,393	-	13,393
Net loss on disposal of equipment	(14,871)	-	(14,871)
<b>Total Non-Operating Loss</b>	<b>(1,478)</b>	<b>-</b>	<b>(1,478)</b>
<b>Change in Net Assets</b>	<b>22,968,206</b>	<b>(699,902)</b>	<b>22,268,304</b>
Net Assets - Beginning of year	21,708,826	3,142,833	24,851,659
<b>Net Assets - End of year</b>	<b>\$ 44,677,032</b>	<b>\$ 2,442,931</b>	<b>\$ 47,119,963</b>

**Alameda County Community Food Bank**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2019**

	Without donor restrictions	With donor restrictions	Total
<b>Operating Activities</b>			
Support and revenue			
Donated commodities received	\$ 45,338,242	\$ -	\$ 45,338,242
Government revenue	3,977,427	-	3,977,427
Foundation/corporation grants	2,249,964	4,827,204	7,077,168
Individual contributions	8,456,820	283,621	8,740,441
Special events, gross	983,460	-	983,460
Program revenue	783,262	-	783,262
Interest and other income	247,270	-	247,270
Net realized gain on investments	1,016	-	1,016
Net assets released from restrictions	2,971,304	(2,971,304)	-
<b>Total Support and Revenue</b>	<b>65,008,765</b>	<b>2,139,521</b>	<b>67,148,286</b>
<b>Expenses</b>			
Program Services			
Food distribution	53,816,300	-	53,816,300
Outreach	1,911,530	-	1,911,530
Agency services	1,278,222	-	1,278,222
Nutrition programs	205,474	-	205,474
Advocacy, research and community engagement	1,523,881	-	1,523,881
Volunteer program	597,640	-	597,640
<b>Total Program Services</b>	<b>59,333,047</b>	<b>-</b>	<b>59,333,047</b>
Infrastructure and Supporting Services			
Resource development/fundraising	2,659,592	-	2,659,592
Management and general	2,039,704	-	2,039,704
<b>Total Infrastructure and Supporting Services</b>	<b>4,699,296</b>	<b>-</b>	<b>4,699,296</b>
<b>Total Expenses</b>	<b>64,032,343</b>	<b>-</b>	<b>64,032,343</b>
<b>Total Operating Net Income</b>	<b>976,422</b>	<b>2,139,521</b>	<b>3,115,943</b>
<b>Non Operating Activities</b>			
Net unrealized gain on investments	109,707	-	109,707
<b>Total Non-Operating Income</b>	<b>109,707</b>	<b>-</b>	<b>109,707</b>
<b>Change in Net Assets</b>	<b>1,086,129</b>	<b>2,139,521</b>	<b>3,225,650</b>
Net Assets - Beginning of year	20,622,697	1,003,312	21,626,009
<b>Net Assets - End of year</b>	<b>\$ 21,708,826</b>	<b>\$ 3,142,833</b>	<b>\$ 24,851,659</b>



**Alameda County Community Food Bank**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services						Infrastructure and Supporting Services			Total	
	Food Distribution	Outreach	Agency Services	Nutrition Programs	Advocacy, Research and Community Engagement	Volunteer Program	Subtotal Total	Resource Development/ Fundraising	Management and General		Subtotal Total
<b>Personnel Costs</b>											
Salaries	\$ 2,156,219	\$ 996,465	\$ 715,581	\$ 137,001	\$ 879,967	\$ 408,486	\$ 5,293,719	\$ 1,219,774	\$ 1,587,910	\$ 2,807,684	\$ 8,101,403
Payroll taxes	150,092	61,296	51,399	4,506	61,775	29,028	358,096	87,036	96,609	183,645	541,741
Employee benefits	669,184	286,105	196,622	46,713	219,099	90,542	1,508,265	311,005	327,632	638,637	2,146,902
<b>Total Personnel Costs</b>	<b>2,975,495</b>	<b>1,343,866</b>	<b>963,602</b>	<b>188,220</b>	<b>1,160,841</b>	<b>528,056</b>	<b>7,160,080</b>	<b>1,617,815</b>	<b>2,012,151</b>	<b>3,629,966</b>	<b>10,790,046</b>
<b>Other Expenses</b>											
Food handling & purchases	6,085,893	-	-	-	-	-	6,085,893	-	-	-	6,085,893
Professional services	349,303	44,160	54,550	7,077	83,394	17,191	555,675	238,949	347,274	586,223	1,141,898
Training and staff development	13,562	4,748	6,126	1,049	7,393	1,254	34,132	14,212	13,593	27,805	61,937
Office and administrative	168,296	21,845	14,928	2,649	18,016	5,423	231,157	35,773	131,798	167,571	398,728
Dues	39,851	275	135	-	1,675	70	42,006	12,327	6,373	18,700	60,706
Insurance	31,755	3,350	2,285	615	2,175	4,394	44,574	3,257	30,893	34,150	78,724
Occupancy	292,310	9,729	7,302	2,157	3,842	21,996	337,336	6,201	7,145	13,346	350,682
Resource development	23,365	-	-	-	-	269	23,634	1,019,719	-	1,019,719	1,043,353
Education and promotions	4,200	302,448	5,862	3,162	12,060	18,953	346,685	64,591	-	64,591	411,276
Community and agency services	500	176,686	247,337	4,535	1,392	-	430,450	1,420	-	1,420	431,870
Vehicles and transportation	749,089	-	-	-	1,730	-	750,819	-	-	-	750,819
Equipment	281,717	42,474	29,696	1,775	10,742	6,008	372,412	152,556	41,531	194,087	566,499
Depreciation	479,765	49,424	33,971	9,344	29,091	47,269	648,864	44,030	43,641	87,671	736,535
Travel	6,050	8,810	6,766	458	12,730	273	35,087	3,849	8,259	12,108	47,195
<b>Total Other Expenses</b>	<b>8,525,656</b>	<b>663,949</b>	<b>408,958</b>	<b>32,821</b>	<b>184,240</b>	<b>123,100</b>	<b>9,938,724</b>	<b>1,596,884</b>	<b>630,507</b>	<b>2,227,391</b>	<b>12,166,115</b>
<b>Total Expenses Before</b>											
Commodities distributed	11,501,151	2,007,815	1,372,560	221,041	1,345,081	651,156	17,098,804	3,214,699	2,642,658	5,857,357	22,956,161
Donated commodities distributed	56,800,435	-	-	-	-	-	56,800,435	-	-	-	56,800,435
<b>Total Expenses</b>	<b>\$ 68,301,586</b>	<b>\$ 2,007,815</b>	<b>\$ 1,372,560</b>	<b>\$ 221,041</b>	<b>\$ 1,345,081</b>	<b>\$ 651,156</b>	<b>\$ 73,899,239</b>	<b>\$ 3,214,699</b>	<b>\$ 2,642,658</b>	<b>\$ 5,857,357</b>	<b>\$ 79,756,596</b>

**Alameda County Community Food Bank**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

	Program Services						Infrastructure and Supporting Services			Total	
	Food Distribution	Outreach	Agency Services	Nutrition Programs	Advocacy, Research and Community Engagement	Volunteer Program	Subtotal Total	Resource Development/ Fundraising	Management and General		Subtotal Total
<b>Personnel Costs</b>											
Salaries	\$ 1,856,636	\$ 977,183	\$ 665,789	\$ 122,232	\$ 935,035	\$ 340,093	\$ 4,896,968	\$ 1,091,480	\$ 1,253,067	\$ 2,344,547	\$ 7,241,515
Payroll taxes	136,877	72,117	50,174	8,909	67,864	24,469	360,410	77,546	89,041	166,587	526,997
Employee benefits	611,865	280,413	165,728	43,443	203,222	100,344	1,405,015	268,598	264,714	533,312	1,938,327
<b>Total Personnel Costs</b>	<b>2,605,378</b>	<b>1,329,713</b>	<b>881,691</b>	<b>174,584</b>	<b>1,206,121</b>	<b>464,906</b>	<b>6,662,393</b>	<b>1,437,624</b>	<b>1,606,822</b>	<b>3,044,446</b>	<b>9,706,839</b>
<b>Other Expenses</b>											
Food handling & purchases	4,559,823	-	-	-	-	-	4,559,823	-	-	-	4,559,823
Professional services	404,113	63,064	84,006	9,066	192,564	22,780	775,593	175,908	154,285	330,193	1,105,786
Training and staff development	11,644	4,793	3,922	341	10,812	2,242	33,754	12,210	13,324	25,534	59,288
Office and administrative	54,919	24,267	15,034	2,824	19,268	5,676	121,988	30,735	136,056	166,791	288,779
Dues	34,912	475	-	-	3,042	60	38,489	11,108	4,500	15,608	54,097
Insurance	43,793	4,684	3,034	816	2,930	5,819	61,076	4,062	23,601	27,663	88,739
Occupancy	247,055	7,812	5,864	1,732	3,085	17,664	283,212	4,980	5,738	10,718	293,930
Resource development	27,412	-	-	-	-	-	27,412	763,641	-	763,641	791,053
Education and promotions	5,064	244,075	3,923	3,102	11,329	26,817	294,310	77,733	-	77,733	372,043
Community and agency services	-	154,159	224,297	2,365	18,573	-	399,394	-	-	-	399,394
Vehicles and transportation	686,919	-	-	-	1,738	-	688,657	-	-	-	688,657
Equipment	253,437	17,720	16,108	796	8,841	4,311	301,213	86,040	41,753	127,793	429,006
Depreciation	448,012	47,669	31,262	8,492	28,124	45,699	609,258	39,472	38,606	78,078	687,336
Travel	12,087	13,099	9,081	1,356	17,454	1,666	54,743	16,079	15,019	31,098	85,841
<b>Total Other Expenses</b>	<b>6,789,190</b>	<b>581,817</b>	<b>396,531</b>	<b>30,890</b>	<b>317,760</b>	<b>132,734</b>	<b>8,248,922</b>	<b>1,221,968</b>	<b>432,882</b>	<b>1,654,850</b>	<b>9,903,772</b>
<b>Total Expenses Before</b>											
Commodities distributed	9,394,568	1,911,530	1,278,222	205,474	1,523,881	597,640	14,911,315	2,659,592	2,039,704	4,699,296	19,610,611
Donated commodities distributed	44,421,732	-	-	-	-	-	44,421,732	-	-	-	44,421,732
<b>Total Expenses</b>	<b>\$ 53,816,300</b>	<b>\$ 1,911,530</b>	<b>\$ 1,278,222</b>	<b>\$ 205,474</b>	<b>\$ 1,523,881</b>	<b>\$ 597,640</b>	<b>\$ 59,333,047</b>	<b>\$ 2,659,592</b>	<b>\$ 2,039,704</b>	<b>\$ 4,699,296</b>	<b>\$ 64,032,343</b>

**Alameda County Community Food Bank**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 22,268,304	\$ 3,225,650
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(24,523)	(110,723)
Change in promises to give discount	7,738	11,344
Stock donations	(969,008)	(379,406)
Depreciation	736,535	687,336
Net loss on disposal of equipment	14,871	-
Donated commodities received	(56,262,344)	(45,338,242)
Donated commodities distributed	56,800,435	44,421,732
Change in operating assets:		
Grants receivable	(1,361,221)	(388,359)
Promises to give	1,134,451	(2,044,389)
Program revenue and other receivables	(8,162)	(34,551)
Inventory	(318,225)	(2,366)
Prepaid expenses and deposits	5,186	(68,348)
Change in operating liabilities:		
Accounts payable and accrued expenses	39,144	282,409
Accrued compensated absences	47,143	19,615
Deferred revenue	15,668	(43,976)
Net Cash Provided by Operating Activities	<u>22,125,992</u>	<u>237,726</u>
Cash Flows From Investing Activities		
Purchases of investments	(352,358)	(1,614,702)
Proceeds from sale of investments	1,242,388	1,098,350
Purchases of property and equipment	(721,214)	(621,753)
Proceeds from the sale of fixed assets	7,776	-
Net Cash Provided by (Used in) Investing Activities	<u>176,592</u>	<u>(1,138,105)</u>
Cash Flows From Financing Activities		
Proceeds from loan payable	1,467,100	-
Net Cash Provided by Financing Activities	<u>1,467,100</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	23,769,684	(900,379)
Cash and Cash Equivalents - beginning of year	<u>3,895,379</u>	<u>4,795,758</u>
Cash and Cash Equivalents - end of year	<u>\$ 27,665,063</u>	<u>\$ 3,895,379</u>

# Alameda County Community Food Bank

## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### PURPOSE AND ORGANIZATION

Alameda County Community Food Bank (the “Food Bank”) is a California not-for-profit public benefit corporation founded in 1985. The Food Bank distributes food through a network of more than 250 strategically placed member agencies – food pantries, soup kitchens, childcare centers, senior centers, after-school programs, and other community-based organizations.

The Food Bank’s mission statement: Alameda County Community Food Bank passionately pursues a hunger-free community.

The Food Bank’s vision statement: Children, adults, and seniors of Alameda County do not worry about where their next meal is coming from.

#### PROGRAM SERVICES

**Food distribution** – As Alameda County’s central clearinghouse for donated, surplus, and purchased food for nonprofit agencies, the Food Bank distributed 39.5 million pounds of food including 16.9 million pounds of fresh fruits and vegetables in the 2020 fiscal year (32.4 million pounds of food including 16.4 million of fresh fruits and vegetables in the 2019 fiscal year). The food was procured from purchased food, donations, the government, and the Food Recovery Program. The Food Bank primarily distributes this food through a network of more than 250 strategically located member agencies. The food distribution program also includes programs such as the Children’s Back Pack Program, college and university programs, and mobile and school pantries. In fiscal year 2020, the Food Bank’s distributed pounds increased by 22%, due in part to higher food donations and stronger direct distribution through the opening of several pop-ups and the distribution of emergency bags. In fiscal year 2019, food distribution decreased 1%. The Food Bank distributes all donated and government procured items for free and continues to subsidize purchased shelf-stable items.

**Outreach** – Multilingual outreach includes the food helpline, FoodNow.net, ComidaAhora.net, and CalFresh Outreach. Since 1994, callers to the helpline have been able to receive a same-day bag of food, or hot meal at a location in or near their neighborhood. The CalFresh (formerly known as food stamps and known nationwide as SNAP) Outreach program, serves as the blueprint for programs across the nation. The Food Bank’s CalFresh Outreach staff guides eligible community members through the application process working through the Alameda County Social Services Agency. The CalFresh Outreach program increased applications in 2020. Applications submitted equaled 7,323 during the year ended June 30, 2020 (4,495 in 2019).

**Agency services** – The Food Bank supports its 250 member agencies in managing government food programs, securing government funding, and adhering to related contracts. The Food Bank assists member agencies in food safety, equipment procurement, and other operational and capacity building functions.

**Nutrition programs** – The Food Bank supports its member agencies and clients through nutrition education services, which are designed to help member agencies and clients utilize the wide variety of products, including farm fresh fruits and vegetables, that may be new to clients. Services include educational classes, nutrition materials, recipes, cooking classes, and taste testing demos to encourage and support healthful eating. Nutrition education services also help clients maximize their other food resources to bring healthy choices to their families.

# Alameda County Community Food Bank

## Notes to Financial Statements

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**Advocacy, Research, and Community Engagement** – The Food Bank’s hunger education and advocacy efforts continue to provide a voice for tens of thousands of Alameda County residents who face food insecurity. The Food Bank’s staff meets with legislators, grassroots anti-hunger advocates, and other advocacy partners regularly. The program promotes policies to benefit low-income residents such as extending CalFresh benefits to people living on Supplemental Security Income, a program that benefits low-income seniors and individuals with disabilities. Research activities include measuring food insecurity and mapping food insecurity with services offered to help strategically improve services where they are needed most.

**Volunteer Program** – Volunteers play an evolving role in work from packaging of fresh produce, bagging children’s food bags, and sorting donated food to helping in a variety of skills- and professional-based ways including consulting on risk assessments. Volunteers are also utilized for the helpline, office assistance, advocacy, and events. During the years ended June 30, 2020 and 2019, volunteer hours were equivalent to 52 full-time employees each year. Volunteer hours were 102,922 and 102,762 for the years ended June 30, 2020 and 2019, respectively.

**Support** – The Food Bank’s major sources of financial and in-kind support consist of federal funds (passed through by the County of Alameda), foundations and corporations, individuals, United States Department of Agriculture (“USDA”) commodities program, and other governmental entities. A small amount of revenue is earned from fees charged to member organizations that receive purchased food. Total fiscal year 2020 revenue and support increased from fiscal year 2019 primarily due to the increase in individual contributions at the beginning of the COVID-19 pandemic.

### **BASIS OF ACCOUNTING**

The Food Bank prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

### **CLASSIFICATION OF NET ASSETS**

Net asset are classified based on existence or absence of donor-imposed restrictions as follows:

*Without donor restrictions* are net assets and activities which represent the portion of expendable funds that are available to support the Food Bank’s operations. A portion of these net assets may be designated by the Board of Directors for specific purposes. Board designated net assets were \$43,677,032 and \$21,408,826 as of June 30, 2020 and 2019, respectively.

*With Donor Restriction* is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event.

### **USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Alameda County Community Food Bank

## Notes to Financial Statements

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### **FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

### **OPERATING AND NONOPERATING ACCOUNTS**

All activities are considered operating except for unrealized gains/losses on investments and realized gains/losses on disposals of equipment.

### **CASH AND CASH EQUIVALENTS**

The Food Bank considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### **GRANTS RECEIVABLE**

Grants receivable represent uncollateralized obligations related to the Food Bank's grant contracts. Grants receivable are due under the terms of the grant agreements. Payments on grants receivable are expected to be collected during the year ending June 30, 2021.

The Food Bank uses the allowance method to account for uncollectible grants receivables. The allowance is based on prior years' experience and management's analysis of specific grants. No allowance was deemed necessary at June 30, 2020 and 2019.

### **PROMISES TO GIVE**

Unconditional promises to give are recognized as revenues in the period such promises are made by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. As of June 30, 2020, a discount of \$3,606 was recorded on one promise to give due in one year. As of June 30, 2019, a discount of \$11,344 was recorded on one promise to give due in more than one year.

The Food Bank uses the allowance method to account for uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance was deemed necessary at June 30, 2020 and 2019.

### **INVENTORY**

Purchased inventories are recorded at cost and consist of food products purchased by the Food Bank and related to both grant and nongrant funded purchases. Purchased inventory is expensed when the food is distributed. The Food Bank receives, sorts, stores, and distributes donated commodities from various sources and the USDA commodities program.

# Alameda County Community Food Bank

## Notes to Financial Statements

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Feeding America, the national food bank network which sets the standards for fiscal operations of food banks, valued USDA commodities at \$1.49 per pound and non-USDA commodities at \$1.74 per pound for the year ended June 30, 2020. Feeding America valued USDA commodities at \$1.52 per pound and non USDA commodities at \$1.62 per pound for the year ended June 30, 2019. The donated commodities distributed includes spoilage and shrinkage for the years ended June 30, 2020 and 2019, of \$1,166,374 and \$769,407, respectively for non USDA items. Shrinkage was \$0 for USDA items for both years. The total spoilage and shrinkage represents 2.1% and 1.6% of the total costs and pounds of food distributed June 30, 2020 and 2019, respectively.

### INVESTMENTS

Marketable investments in equity and debt securities are carried at fair value based upon quoted market prices. The Food Bank's Oversight Committee is responsible for establishing investment criteria and overseeing the Food Bank's investments.

### PROPERTY AND EQUIPMENT

The Food Bank capitalizes acquisitions of property and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statements of activities and changes in net assets. Depreciation is calculated using the straight-line method based upon estimated useful lives as follows:

Building	39 years
Building improvements	10 years
Office furniture and equipment	10 years
Vehicles	5 years
Warehouse equipment	5 years

### IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisal, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment losses were incurred during the years ended June 30, 2020 and 2019.

### DEFERRED REVENUE

Deferred revenue represents the excess of advances from granting agencies under contracts for services over the related expenditures.

# Alameda County Community Food Bank

## Notes to Financial Statements

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### LOAN PAYABLE

In April 2020, the Food Bank was granted a loan under the Paycheck Protection Program offered by the Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES ACT”), for \$1,467,100 with a maturity date of April 13, 2022. The loan bears interest at 1% with no payments for the first 6 months and all principal due at maturity. The loan is subject to partial or full forgiveness if the Food Bank uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and rules, regulations, and guidance. The outstanding balance of the loan payable was \$1,467,100 as of June 30, 2020.

### REVENUE RECOGNITION

For the year ended June 30 2020, the Food Bank adopted Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Management has undertaken a review of all contracts to ensure proper implementation. The adoption did not have a significant effect on the financial statements.

#### *Grants*

The Food Bank receives grants from various federal, state, and local governmental funding sources. These funds are to be spent for specific purposes. Many of the grants are subject to annual budget negotiations and availability of funds. Revenue from grants and agreements that are nonreciprocal is treated like contributions. If the grant or agreement is conditional, a barrier to entitlement exists, revenue is recognized when the barrier is considered overcome and as allowable expenditures under such agreements are incurred, as an increase to net assets without donor restrictions.

Consequently, revenues for these transactions are recognized as the expenditures are incurred. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as advances on conditional grants. Amounts received in advance of services performed are recognized as advances on conditional grants and are recognized as revenues in future periods as services are performed.

#### *Contributions*

The Food Bank recognizes all contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions.

When the time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

The Food Bank is the beneficiary under various trust agreements or bequests, the total realizable amount of which is not presently determinable. Such amounts are recognized as beneficial interest in trusts or contributions when clear title is established and the proceeds are estimable.



# Alameda County Community Food Bank

## Notes to Financial Statements

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### *Contributed Goods and Services*

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Bank reclassifies net assets with donor restrictions to net assets without donor restrictions as net assets are released from restrictions.

The Food Bank received and utilized donated goods and services primarily representing produce processing fees, auction event items, and professional services totaling \$454,581 and \$198,121 during the years ended June 30, 2020 and 2019, respectively.

The Food Bank regularly utilizes the services of volunteers. The Food Bank volunteers donated 102,922 hours in year ended June 30, 2020, and 102,762 hours in year ended June 30, 2019. The value of these services is not reflected in these financial statements because the services received do not create or enhance nonfinancial assets and do not require specialized skills. The Food Bank estimates that the value of these services is worth approximately \$2.8 million at \$27.20 per hour for the year ended June 30, 2020 (approximately \$2.6 million at \$25.43 per hour in 2019). This valuation is based on the average hourly earnings of all production and nonsupervisory workers on private nonfarm payrolls (as determined by the Bureau of Labor Statistics) and adjusted for fringe benefits.

### *Special Events and Program Revenue*

Special events revenue is recognized upon the event taking place.

Program revenue represents funds from member agencies to cover a portion of the cost of purchased food. Food revenue is recognized when purchased food is shipped to the agencies. Program revenue also includes an agency membership fee of \$100 per year per agency and is recognized in January each year.

### *Investment Income*

Realized and unrealized gains and losses and investment income derived from investment transactions are included as income in the year earned.

## **ADVERTISING**

The costs of advertising are charged to expense as incurred. Advertising expense was \$333,653 and \$277,529 for the years ended June 30, 2020 and 2019, respectively. The majority of the advertising expense is related to the CalFresh outreach program.

## **INCOME TAXES**

The Food Bank is a qualified organization exempt from federal income taxes and state franchise taxes under §501(c)(3) of the Internal Revenue Code ("IRC") and §23701d of the California Revenue and Taxation Code, respectively.

# Alameda County Community Food Bank

## Notes to Financial Statements

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U.S. GAAP require the Food Bank management to evaluate tax positions taken by the Food Bank and recognize a tax liability (or asset), if the Food Bank has taken an uncertain position that more likely than not would not be sustained upon examination by Internal Revenue Service.

### **FINANCIAL INSTRUMENTS**

Financial instruments which potentially subject the Food Bank to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Food Bank maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Food Bank has not experienced any losses in such accounts. The Food Bank attempts to limit its credit risk associated with cash equivalents and investments by utilizing an outside investment manager to place the Food Bank's investments with highly rated corporate and financial institutions. Management believes that the Food Bank is not exposed to any significant credit risk related to concentrations.

### **FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses which apply to more than one functional category have been allocated among program, general and administrative, and fundraising based on the time spent on these functions by specific employees as estimated by management. Indirect expenses such as facilities costs are allocated based on square footage used by functional categories. Other indirect expenses, such as information technology and general office supplies are allocated based on time spent by staff in the various functional categories. Certain marketing material costs are allocated based on the percentage of the publication devoted to each functional area. All other costs are charged directly to the appropriate functional category.

### **SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Food Bank recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Food Bank's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the consolidated financial statements are available to be issued.

The Food Bank has evaluated subsequent events through November 2, 2020, which is the date the financial statements are available to be issued.

### **NOTE 2 – FAIR VALUE MEASUREMENTS**

The Food Bank's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of the fair value hierarchy are as follows:

**Level 1** – Values are unadjusted quoted prices for identical assets and liabilities that the entity has the ability to access at the measurement date.

# Alameda County Community Food Bank

## Notes to Financial Statements

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**Level 2** – Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

**Level 3** – Unobservable inputs for the asset or liability that are not corroborated by market data.

An asset or a liability's classification is based on the lowest level input that is significant to its measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

*Municipal bonds* – The fair value of municipal bonds is estimated using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit-default swap spreads, and volatility. These bonds are generally categorized in Level 2 of the fair value hierarchy.

*Equity securities and mutual funds* – Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. The Food Bank's interests in such investments are categorized as corporate stock/equity funds, money market funds, corporate bond funds, and government obligation funds. Such securities are classified within Level 1 of the valuation hierarchy.

The following table provides information about the Food Bank's financial assets measured at fair value on a recurring basis as of June 30:

	<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Municipal bonds	\$ 3,411,387	\$ -	\$ 3,411,387	\$ -
Mutual funds:				
Short-term bond	547,756	547,756	-	-
World bond	472,383	472,383	-	-
Intermediate term bond	440,211	440,211	-	-
Blend	590,301	590,301	-	-
Large value	147,051	147,051	-	-
Real estate	88,200	88,200	-	-
Domestic small/mid value	82,829	82,829	-	-
Foreign small/mid value	51,546	51,546	-	-
Diversified emerging market	46,016	46,016	-	-
	<u>\$ 5,877,680</u>	<u>\$ 2,466,293</u>	<u>\$ 3,411,387</u>	<u>\$ -</u>

**Alameda County Community Food Bank**  
**Notes to Financial Statements**

	<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Municipal bonds	\$ 3,297,089	\$ -	\$ 3,297,089	\$ -
Mutual funds:				
Short-term bond	525,579	525,579	-	-
World bond	471,435	471,435	-	-
Intermediate term bond	410,055	410,055	-	-
Blend	581,105	581,105	-	-
Large value	163,722	163,722	-	-
Real estate	108,941	108,941	-	-
Domestic small/mid value	104,013	104,013	-	-
Foreign small/mid value	60,654	60,654	-	-
Diversified emerging market	51,586	51,586	-	-
Total	<u>\$ 5,774,179</u>	<u>\$ 2,477,090</u>	<u>\$ 3,297,089</u>	<u>\$ -</u>

There were no transfers between levels of the fair value hierarchy during the years ended June 30, 2020 and 2019.

**NOTE 3 – PROMISES TO GIVE**

Promises to give, net expected to be realized at June 30, are as follows:

	<u>2020</u>	<u>2019</u>
Pledges less than one year	\$ 972,462	\$ 2,372,389
Between one to five years	<u>550,000</u>	<u>300,000</u>
Present value discount at effective rate of 0.66% and 3.93%.	<u>(3,606)</u>	<u>(11,344)</u>
Total	<u>\$ 1,518,856</u>	<u>\$ 2,661,045</u>

Seven donors comprised the promise to give balance as of June 30, 2020 and 2019. The largest promise to give as of June 30, 2020 and 2019, equals \$675,000 and \$1,290,000, respectively.

**NOTE 4 – INVENTORY**

Inventory consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Government commodities	\$ 563,570	\$ 1,013,046
Donated food	874,942	963,557
Purchased food	<u>651,813</u>	<u>333,588</u>
Total	<u>\$ 2,090,325</u>	<u>\$ 2,310,191</u>

# Alameda County Community Food Bank

## Notes to Financial Statements

### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 11,147,832	\$ 11,053,848
Land	2,540,575	2,540,575
Office furniture and equipment	1,357,492	1,255,582
Vehicles	1,252,602	1,147,613
Warehouse equipment	<u>317,504</u>	<u>263,952</u>
	16,616,005	16,261,570
Less: accumulated depreciation	<u>(6,718,356)</u>	<u>(6,014,371)</u>
	9,897,649	10,247,199
Construction in progress	<u>399,018</u>	<u>87,436</u>
Total	<u>\$ 10,296,667</u>	<u>\$ 10,334,635</u>

### NOTE 6 – BOARD DESIGNATED NET ASSETS

Board designated appropriations at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Property and equipment, net	\$ 10,296,667	\$ 10,334,635
Inventory	2,090,325	2,310,191
Working capital reserve	-	1,000,000
Capital projects in process	64,000	250,000
Construction planned	4,000,000	-
3-month reserve	7,647,841	4,730,831
Emergency reserve	<u>19,578,199</u>	<u>2,783,169</u>
Total	<u>\$ 43,677,032</u>	<u>\$ 21,408,826</u>

The Food Bank's net assets and reserves policy include the following categories:

*Property and equipment and inventory* – The related asset book values; not financial reserves.

*Working capital reserve* – Estimate needed from July to October before holiday fundraising season starts.

*Capital projects in progress* – \$64,000 as of June 30, 2020, represents one capital project in progress, final installation costs for the backup generator. \$250,000 as of June 30, 2019, represented expected investment in generator and a truck.

*Construction planned* – The Food Bank Board has set aside funds to improve the functionality of the warehouse to support increased food distribution. Improvements include additional warehouse cooler space for fresh foods and updates to racking and docks.

## Alameda County Community Food Bank Notes to Financial Statements

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*3-month reserve*—Three months operating reserve equal to 3 months operating expense excluding depreciation is required by Feeding America. The calculation is based on project average 3-months of operating expense for following fiscal year.

*Emergency reserve and recovery* – The Food Bank Board has set aside funds required to cover operating needs to support the community during the pandemic and economic slowdown with high unemployment. It is projected that these funds are needed to cover additional expenses such as purchased food and support for member agencies over the next two years.

The total of working capital, 3-month reserve and emergency reserve, at June 30, 2020 and 2019, represents operating expense excluding depreciation of 10.7 and 5.4 months, respectively.

The \$22,268,206 increase in net assets without donor restrictions is primarily due to individual, foundation, and corporate revenue due donors' response to the pandemic.

### NOTE 7 – WITH DONOR RESTRICTION NET ASSETS

With donor restriction net assets at June 30, may be expended for:

	2020	2019
General operations-time restriction	\$ 1,604,388	\$ 2,763,275
Food purchases and distribution	537,499	129,719
Facilities projects	231,200	138,076
Organizational development and research	36,719	92,637
SNAP-CalFresh Outreach	32,625	18,126
Other food distribution and agency capacity	500	1,000
Total	\$ 2,442,931	\$ 3,142,833

All net assets with donor restrictions are expected to be released from restriction by June 30, 2022.

# Alameda County Community Food Bank

## Notes to Financial Statements

### NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the years ended June 30, as follows:

	<u>2020</u>	<u>2019</u>
Food purchases and distribution	\$ 1,914,958	\$ 1,000,438
General operations-time restriction	1,170,232	1,519,973
Organizational development and research	186,919	305,339
SNAP-CalFresh Outreach	180,501	100,105
Facilities projects	68,075	11,924
Other food distribution and agency capacity	50,500	33,525
Advocacy	<u>35,000</u>	<u>-</u>
 Total	 <u>\$ 3,606,185</u>	 <u>\$ 2,971,304</u>

### NOTE 9 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Food Bank's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of nonliquid assets are donor restricted assets for specific expenditures, contractual reserve requirements, or governing board designations.

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash and cash equivalents	\$ 27,665,063	\$ 3,895,379
Grants receivable	2,313,167	951,946
Promises to give, net	1,518,856	2,661,045
Program revenue and other receivables	92,818	84,656
Investments	<u>5,877,680</u>	<u>5,774,179</u>
 Financial Assets at June 30	 <u>\$ 37,467,584</u>	 <u>\$ 13,367,205</u>
Less those unavailable for general expenditures within one year, due to:		
Feeding America requirement, 3-month reserve	\$ 7,647,841	\$ 4,730,831
Board designated assets, capital improvements, and construction planned	4,064,000	250,000
Promises to give to be collected in more than one year	<u>550,000</u>	<u>300,000</u>
 Total unavailable for general expenditures within one year	 <u>12,261,841</u>	 <u>5,280,831</u>
 Financial Assets available to meet cash needs for general expenditures within one year	 <u>\$ 25,205,743</u>	 <u>\$ 8,086,374</u>

Property and equipment and inventory are included in Board Designated net assets on the Statement of Financial Position but are not shown above because these are nonfinancial assets and are not easily convertible to financial assets. Also included in Board Designated net assets are working capital and emergency reserves which are available if needed within one year and are therefore not subtracted above.

# Alameda County Community Food Bank

## Notes to Financial Statements

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The Food Bank regularly monitors liquidity required to meet its operating reserves and contractual commitments. The Oversight Committee of the Board meets regularly to review all financial aspects of the organization. The Food Bank's Board has a net assets-reserves policy, see Note 6. The sources of liquidity are listed above. After unavailable financial assets are subtracted, as of June 30, 2020 and 2019, the Food Bank has remaining financial assets equivalent to an additional nine and six months of operating expenses, respectively. The Food Bank's policy is to structure its financial assets to be available to cover the following in order of priority: working capital, capital projects in progress, reserve requirements, capital asset and inventory replacement, planned future operations, opportunities to enhance the Food Bank's mission, unanticipated expense, sudden shortfalls in revenue.

### NOTE 10 – RETIREMENT PLAN

The Food Bank maintains an IRC §403(b) plan (“the Plan”) for its employees. The Plan is available to all full-time employees. The Food Bank contributes up to \$910 a year for each eligible employee who has provided a minimum of one year of service to the Food Bank. The Food Bank also matches an employee's voluntary contribution up to 5% of the employee's compensation. A participant is at all times 100% vested in the amounts in their Employee Contribution Account and will be 100% vested in the Employer Contribution Account after three years of service. Total Food Bank contributions made for the years ended June 30, 2020 and 2019, were \$338,540 and \$315,052, respectively.

### NOTE 11 – COMMITMENTS AND CONTINGENCIES

#### LEASES

The Food Bank is obligated under several noncancelable operating leases for its equipment.

The following is a schedule of minimum lease commitments for the years ending June 30:

<u>For the Years Ended June 30,</u>	<u>Amount</u>
2021	\$ 49,816
2022	36,510
2023	23,629
2024	20,969
2025	10,996
Thereafter	2,089
	<u>\$ 144,009</u>

Lease expense for the years ended June 30, 2020 and 2019, was \$68,477 and \$59,805, respectively.



# Alameda County Community Food Bank

## Notes to Financial Statements

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### CONTINGENCIES

The World Health Organization declared the novel coronavirus outbreak a public health emergency. The Food Bank's operations are concentrated in California which has restricted gatherings and implemented shelter in place restrictions. The Food Bank continues normal operations while closely monitoring employees and visitors to office locations. The Food Bank will continue to monitor the situation closely, but given the uncertainty about the situation, management can't estimate the impact to the financial statements.

The Food Bank has a contractual agreement with Feeding America. The agreement improves the capacity of the Food Bank to provide solutions to the problem of hunger in America. Under the terms of the agreement, the Food Bank is required to maintain certain financial covenants. The Food Bank can terminate the agreement by a written notice 30 days in advance subject to the termination provisions as defined by the agreement. Feeding America can terminate the agreement with cause as provided by the compliance standards per the agreement.

The Food Bank receives support from federal, state, and local sources under reimbursable programs. Reimbursements under these programs are subject to final audits which could result in the repayment of support recorded. In the opinion of management, the Food Bank has complied with all of the conditions of its grants and contracts for services and no material liabilities would result from any such audit.

## **Supplementary Information**

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**Alameda County Community Food Bank**  
**Schedule of Other Government Awards**  
**Year Ended June 30, 2020**

Grantor/Pass - through Grantor Program Title	Contract Number	Contract Amount	Contract Period	Total Disbursements/Expenditures
<u>County of Alameda Social Services Agency</u>				
Department of Workforce and Benefits Administration				
Emergency Food and Surplus Food Distribution Program	Contract# 19286-17007	1,710,395	7/1/19-6/30/20	1,710,395
CalFresh Advocacy and Outreach	Board PO# 17071-19288	927,116	7/1/19-6/30/20	927,116
Health Care Services Agency Administration & Indigent Health				
Healthy Food Healthy Families-Measure A	Board PO# 900147-19007	47,500	7/1/19-6/30/20	47,500
Community Development Census Outreach				
Census Outreach	Contract # 19641	40,000	11/1/19-7/1/20	40,000
		<u>\$ 2,725,011</u>		<u>\$ 2,725,011</u>
<u>City of Hayward</u>				
Department of Library & Community Svcs				
Food Distribution Food Purchase Program	Resolution No.19-095	35,000	7/1/19-6/30/20	35,000
Department of Housing and Community Development				
Food Distribution Hayward	Resolution No.20-046	80,000	5/1/19-12/31/20	43,805
		<u>\$ 115,000</u>		<u>\$ 78,805</u>
<u>City of Oakland Department of Human Services</u>				
Department of Human Services				
Hunger Program Brown Bag Distribution	Resolution No. 86856	132,155	7/1/19-6/30/20	130,999
SSB Community Grants Program				
SSB Community Grants Program	Resolution No. 87834	196,780	10/1/19-12/31/20	196,780
		<u>\$ 328,935</u>		<u>\$ 327,779</u>
<u>State of California</u>				
California Department of Social Services:				
EFAP (CalFood)	15-MOU-00105	229,451	7/1/19-6/30/20	229,451
CDSS Capacity	SGRT-19-0001	101,490	10/1/18-9/30/20	26,319
EFAP (Tax Check-Off Disbursement)	15-MOU-00105	12,113	7/1/19-6/30/20	12,113
CFAP USDA Food Commodities	15-MOU-00103	1,401,265	7/1/19-6/30/20	1,401,265
CAFB Food Box Distribution	N/A	61,034	7/1/19-6/30/20	61,034
		<u>\$ 1,805,353</u>		<u>\$ 1,730,182</u>
Total Expenditures of Other Government Awards		<u>\$ 4,974,299</u>		<u>\$ 4,861,777</u>

**Alameda County Community Food Bank  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

Federal Grantor/Pass - through Grantor/ Program or Cluster Title	Federal CFDA Number	Program and/or Pass -Through Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Emergency Food and Shelter National Board</u>				
U.S. Department of Homeland Security				
Pass - through programs from:				
Federal Emergency Management Agency -				
Emergency Food and Shelter Program				
	97.024	Phase 36	\$ 90,388	\$ 90,388
<u>Trade Mitigation</u>				
U.S. Department of Agriculture				
Pass - through programs from:				
California Department of Social Services -				
Emergency Food Assistance Program (Phase 2 TM admin)				
	10.178	15-MOU-00105	-	50,528
Emergency Food Assistance Program (Phase 3 TM admin)				
	10.178	15-MOU-00105	-	36,483
Emergency Food Assistance Program (Phase 4 TM admin)				
	10.178	15-MOU-00105	-	45,847
Emergency Food Assistance Program (Phase 1 FPDP admin)				
	10.178	15-MOU-00105	-	42,842
Emergency Food Assistance Program (Phase 2 FPDP admin)				
	10.178	15-MOU-00105	-	17,443
Total California Department of Social Services Program				
			-	193,143
U.S. Department of Agriculture				
Pass - through programs from:				
USDA Food Commodities Trade Mitigation				
	10.173	15-MOU-00103	2,955,011	2,955,011
U.S. Department of Agriculture				
Pass - through programs from:				
California Department of Food and Agriculture -				
CAFB- USDA Farm to Food Bank Program				
	10.170	N/A	-	116,884
Total Trade Mitigation				
			2,955,011	3,265,038
<u>Food Distribution Cluster</u>				
U.S. Department of Agriculture				
California Department of Social Services -				
Emergency Food Assistance Program				
	10.568	15-MOU-00105	-	85,867
Emergency Food Assistance Program				
	10.568	15-MOU-00105	-	194,280
Emergency Food Assistance Program FFCRA				
	10.568	15-MOU-00105	-	327,841
Emergency Food Assistance Program CARES				
	10.568	15-MOU-00105	-	537,929
Emergency Food Assistance Program Supplemental				
	10.568	15-MOU-00105	-	150,661
CAFB- USDA Farm to Food Bank Program				
	10.569	N/A	-	80,702
USDA Food Commodities				
	10.569	15-MOU-00103	-	4,392,422
Total Food Distribution Cluster				
			-	5,769,702
<u>Supplemental Nutrition Assistance Program Cluster</u>				
U.S. Pass - through programs from:				
County of Alameda Social Services Agency -				
CalFresh Advocacy and Outreach				
	10.561	Board PO# 17071-19288	-	927,116
Nutrition Education Obesity Prevention Program and Coordination				
	10.561	Master Contract# 17631	-	2,105
Nutrition Education Obesity Prevention Program and Coordination				
	10.561	Master Contract# 19341	-	30,000
California Department of Social Services -				
CAFB- CalFresh Outreach Program				
	10.561	MOU# 18-7013	-	13,730
CAFB- CalFresh Outreach Program				
	10.561	MOU# 18-7013	-	44,318
Supplemental Nutrition Assistant Program Cluster				
			-	1,017,269
Total Expenditures of Federal Awards				
			\$ 3,045,399	\$ 10,142,397

# Alameda County Community Food Bank

## Notes to The Schedule of Expenditures of Federal Awards

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### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Alameda County Community Food Bank (the “Food Bank”) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Food Bank.

Federal expenditures of \$10,142,397 are presented in the Food Bank’s financial statements under their functional categories.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Food Bank recognizes grants’ revenues and expenses to the extent that eligible grant costs are incurred. The Food Bank elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

### NOTE 3 – SUBRECIPIENTS

Certain funds are passed through to subrecipient organizations by the Food Bank. Expenditures incurred by the subrecipients and reimbursed by the Food Bank are included in the Schedule. The Food Bank is also the subrecipient of federal funds, which are reported as expenditures and listed separately as federal pass-through funds.

## **Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Alameda County Community Food Bank

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alameda County Community Food Bank (“Food Bank”), which comprise the statement of financial position as of and for the year ended June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 2, 2020.

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Food Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Mass Adams LLP*

San Francisco, California  
November 2, 2020

## **Report of Independent Auditors on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

The Board of Directors  
Alameda County Community Food Bank

### **Report on Compliance on each Major Federal Program**

We have audited Alameda County Community Food Bank's (the "Food Bank"), compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Food Bank's major federal programs for the year ended June 30, 2020. The Food Banks' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Food Bank's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination on the Food Bank's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, Alameda County Community Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal programs for the year for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

Management of the Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Food Bank's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



San Francisco, California  
November 2, 2020

**Alameda County Community Food Bank**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over each federal major program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs and type of auditor's report issued on compliance for each major federal program:

<i>CFDA Numbers</i>	<i>Name of Federal Programs or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for each Major Federal Program</i>
10.568/10.569	Food Distribution Cluster	Unmodified
10.173	USDA Food Commodities - Trade Mitigation	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

