



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

**Alameda County Community Food Bank**

*June 30, 2022 and 2021*

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## **Report of Independent Auditors**

The Board of Directors  
Alameda County Community Food Bank

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Alameda County Community Food Bank (the “Food Bank”), which comprise the statements of financial position as of June 30, 2022 and 2021 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Food Bank as of June 30, 2022 and 2021, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Food Bank, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the Food Bank’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 the Food Bank's 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food Bank's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

***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 governmental awards are presented for purposes of additional analysis and are 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 schedule of expenditures of federal awards and schedule of other governmental awards are 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 18, 2022, 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 18, 2022

## **Financial Statements**

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**Alameda County Community Food Bank**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 18,854,259	\$ 50,834,107
Grants receivable	7,832,272	3,886,996
Promises to give, net	1,144,416	787,158
Program revenue and other receivables	179,794	94,233
Inventory	3,600,761	3,603,230
Prepaid expenses and deposits	805,068	512,305
Investments	43,847,451	6,458,307
Property and equipment, net	<u>13,011,744</u>	<u>10,662,097</u>
Total assets	<u>\$ 89,275,765</u>	<u>\$ 76,838,433</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 3,661,059	\$ 2,059,871
Accrued compensated absences	741,448	768,167
Deferred revenue	<u>33,182</u>	<u>40,007</u>
Total liabilities	<u>4,435,689</u>	<u>2,868,045</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	1,000,000	1,000,000
Board designated:		
Inventory	3,600,761	3,603,230
Property and equipment, net	13,011,744	10,662,097
Board designated (financial assets)	<u>64,429,945</u>	<u>57,369,255</u>
Total board designated	<u>81,042,450</u>	<u>71,634,582</u>
Total net assets without donor restrictions	82,042,450	72,634,582
With donor restrictions	<u>2,797,626</u>	<u>1,335,806</u>
Total net assets	<u>84,840,076</u>	<u>73,970,388</u>
Total liabilities and net assets	<u>\$ 89,275,765</u>	<u>\$ 76,838,433</u>

**Alameda County Community Food Bank**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
Support and revenue:			
Donated commodities received	\$ 68,770,445	\$ -	\$ 68,770,445
Government revenue	15,552,638	-	15,552,638
Foundation/corporation grants	8,468,191	3,591,417	12,059,608
Individual contributions	24,928,583	119,500	25,048,083
Contributed goods and services	355,580	-	355,580
Special events, gross	1,250,859	-	1,250,859
Program revenue	700,528	-	700,528
Interest and other income	330,282	-	330,282
Net realized gain on investments	393,713	-	393,713
Net assets released from restrictions	2,249,097	(2,249,097)	-
	<u>122,999,916</u>	<u>1,461,820</u>	<u>124,461,736</u>
Total support and revenue			
<b>EXPENSES</b>			
Program expenses:			
Food distribution	94,427,337	-	94,427,337
Outreach	2,563,973	-	2,563,973
Agency services	4,927,711	-	4,927,711
Nutrition programs	235,467	-	235,467
Advocacy, research, and community engagement	2,026,863	-	2,026,863
Volunteer program	899,164	-	899,164
	<u>105,080,515</u>	<u>-</u>	<u>105,080,515</u>
Total program services			
<b>INFRASTRUCTURE AND SUPPORTING SERVICES</b>			
Resource development/fundraising	4,329,276	-	4,329,276
Management and general	3,084,751	-	3,084,751
	<u>7,414,027</u>	<u>-</u>	<u>7,414,027</u>
Total infrastructure and supporting services			
	<u>112,494,542</u>	<u>-</u>	<u>112,494,542</u>
Total expenses			
	<u>10,505,374</u>	<u>1,461,820</u>	<u>11,967,194</u>
Total net operating income			
<b>NONOPERATING ACTIVITIES</b>			
Net unrealized loss on investments	(1,095,148)	-	(1,095,148)
Net loss on disposal of equipment	(2,358)	-	(2,358)
	<u>(1,097,506)</u>	<u>-</u>	<u>(1,097,506)</u>
Total nonoperating income			
<b>CHANGES IN NET ASSETS</b>			
	9,407,868	1,461,820	10,869,688
<b>NET ASSETS, beginning of year</b>			
	<u>72,634,582</u>	<u>1,335,806</u>	<u>73,970,388</u>
<b>NET ASSETS, end of year</b>			
	<u>\$ 82,042,450</u>	<u>\$ 2,797,626</u>	<u>\$ 84,840,076</u>



**Alameda County Community Food Bank**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
Support and revenue:			
Donated commodities received	\$ 73,058,917	\$ -	\$ 73,058,917
Government revenue	18,959,696	-	18,959,696
Foundation/corporation grants	9,514,695	2,090,090	11,604,785
Individual contributions	32,159,180	131,916	32,291,096
Contributed goods and services	311,902	-	311,902
Special events, gross	1,010,135	-	1,010,135
Program revenue	447,513	-	447,513
Interest and other income	304,138	-	304,138
Net realized loss on investments	(5,699)	-	(5,699)
Net assets released from restrictions	3,329,131	(3,329,131)	-
	<u>139,089,608</u>	<u>(1,107,125)</u>	<u>137,982,483</u>
Total support and revenue			
<b>EXPESES</b>			
Program expenses:			
Food distribution	98,058,533	-	98,058,533
Outreach	2,203,832	-	2,203,832
Agency services	3,221,624	-	3,221,624
Nutrition programs	248,559	-	248,559
Advocacy, research, and community engagement	1,453,193	-	1,453,193
Volunteer program	849,509	-	849,509
	<u>106,035,250</u>	<u>-</u>	<u>106,035,250</u>
Total program services			
<b>INFRASTRUCTURE AND SUPPORTING SERVICES</b>			
Resource development/fundraising	3,914,241	-	3,914,241
Management and general	2,997,657	-	2,997,657
	<u>6,911,898</u>	<u>-</u>	<u>6,911,898</u>
Total infrastructure and supporting services			
Total expenses	<u>112,947,148</u>	<u>-</u>	<u>112,947,148</u>
Net unrealized gain on investments	355,459	-	355,459
Extinguishment of loan payable	1,467,100	-	1,467,100
Net loss on disposal of equipment	(7,469)	-	(7,469)
	<u>1,815,090</u>	<u>-</u>	<u>1,815,090</u>
Total nonoperating loss			
CHANGES IN NET ASSETS	27,957,550	(1,107,125)	26,850,425
NET ASSETS, beginning of year	<u>44,677,032</u>	<u>2,442,931</u>	<u>47,119,963</u>
NET ASSETS, end of year	<u>\$ 72,634,582</u>	<u>\$ 1,335,806</u>	<u>\$ 73,970,388</u>

**Alameda County Community Food Bank**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

	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	\$ 3,217,855	\$ 1,181,533	\$ 1,510,015	\$ 164,444	\$ 1,304,583	\$ 539,080	\$ 7,917,510	\$ 1,679,507	\$ 1,868,196	\$ 3,547,703	\$ 11,465,213
Payroll taxes	231,735	86,808	109,094	12,185	93,021	39,082	571,925	119,133	131,904	251,037	822,962
Employee benefits	814,477	309,512	352,655	34,096	321,229	123,830	1,955,799	367,034	407,603	774,637	2,730,436
<b>Total personnel cost</b>	<b>4,264,067</b>	<b>1,577,853</b>	<b>1,971,764</b>	<b>210,725</b>	<b>1,718,833</b>	<b>701,992</b>	<b>10,445,234</b>	<b>2,165,674</b>	<b>2,407,703</b>	<b>4,573,377</b>	<b>15,018,611</b>
<b>OTHER EXPENSES</b>											
Food handling and purchases	18,007,340	-	-	-	-	-	18,007,340	-	-	-	18,007,340
Professional services	317,533	60,753	136,980	7,753	181,404	73,807	778,230	363,751	359,659	723,410	1,501,640
Training and staff development	2,619	4,537	9,797	906	20,213	811	38,883	20,790	9,720	30,510	69,393
Office and administrative	85,047	15,511	23,721	1,372	20,917	6,959	153,527	35,808	132,303	168,111	321,638
Dues	45,220	17	-	-	6,480	809	52,526	11,789	11,194	22,983	75,509
Insurance	58,870	4,872	5,533	721	4,536	7,266	81,798	5,435	34,697	40,132	121,930
Occupancy	406,019	13,160	9,878	2,918	5,197	29,755	466,927	8,388	11,045	19,433	486,360
Resource development	49,246	-	-	-	-	1,253	50,499	1,094,344	-	1,094,344	1,144,843
Education and promotions	152,000	559,150	-	-	-	10,445	721,595	323,021	-	323,021	1,044,616
Community and agency services	15,965	241,251	2,665,024	710	30	-	2,922,980	-	-	-	2,922,980
Vehicles and transportation	1,159,029	-	-	-	-	-	1,159,029	-	-	-	1,159,029
Equipment	583,738	46,879	68,609	3,830	43,215	13,618	759,889	263,758	79,641	343,399	1,103,288
Depreciation	635,689	39,953	35,089	6,414	25,492	50,631	793,268	32,983	34,439	67,422	860,690
Travel	2,651	37	1,316	118	546	1,818	6,486	3,535	4,350	7,885	14,371
<b>Total other expenses</b>	<b>21,520,966</b>	<b>986,120</b>	<b>2,955,947</b>	<b>24,742</b>	<b>308,030</b>	<b>197,172</b>	<b>25,992,977</b>	<b>2,163,602</b>	<b>677,048</b>	<b>2,840,650</b>	<b>28,833,627</b>
<b>TOTAL EXPENSES BEFORE</b>											
Commodities distributed	25,785,033	2,563,973	4,927,711	235,467	2,026,863	899,164	36,438,211	4,329,276	3,084,751	7,414,027	43,852,238
Donated commodities distributed	68,642,304	-	-	-	-	-	68,642,304	-	-	-	68,642,304
<b>Total expenses</b>	<b>\$ 94,427,337</b>	<b>\$ 2,563,973</b>	<b>\$ 4,927,711</b>	<b>\$ 235,467</b>	<b>\$ 2,026,863</b>	<b>\$ 899,164</b>	<b>\$ 105,080,515</b>	<b>\$ 4,329,276</b>	<b>\$ 3,084,751</b>	<b>\$ 7,414,027</b>	<b>\$ 112,494,542</b>

**Alameda County Community Food Bank**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**

	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	\$ 2,850,439	\$ 1,142,091	\$ 1,160,771	\$ 169,668	\$ 1,039,014	\$ 539,370	\$ 6,901,353	\$ 1,527,327	\$ 1,827,449	\$ 3,354,776	\$ 10,256,129
Payroll taxes	180,845	50,926	74,776	8,705	56,522	30,511	402,285	90,350	108,006	198,356	600,641
Employee benefits	744,272	313,026	315,180	38,404	229,798	131,733	1,772,413	349,905	507,628	857,533	2,629,946
<b>Total personnel cost</b>	<b>3,775,556</b>	<b>1,506,043</b>	<b>1,550,727</b>	<b>216,777</b>	<b>1,325,334</b>	<b>701,614</b>	<b>9,076,051</b>	<b>1,967,582</b>	<b>2,443,083</b>	<b>4,410,665</b>	<b>13,486,716</b>
<b>OTHER EXPENSES</b>											
Food handling and purchases	18,553,137	-	-	-	-	-	18,553,137	-	-	-	18,553,137
Professional services	444,639	67,964	121,901	17,558	48,389	42,514	742,965	230,104	299,055	529,159	1,272,124
Training and staff development	6,893	4,543	4,880	422	4,081	958	21,777	11,709	8,299	20,008	41,785
Office and administrative	124,459	12,719	16,776	1,091	8,398	8,032	171,475	33,353	123,262	156,615	328,090
Dues	28,016	-	-	-	1,750	310	30,076	15,321	4,464	19,785	49,861
Insurance	36,646	3,520	3,609	538	2,296	5,079	51,688	3,397	32,282	35,679	87,367
Occupancy	388,700	12,187	9,147	2,702	4,813	27,554	445,103	7,768	8,950	16,718	461,821
Resource development	21,209	-	-	-	-	158	21,367	1,281,076	-	1,281,076	1,302,443
Education and promotions	158,497	290,833	5,133	-	22,640	4,262	481,365	166,528	-	166,528	647,893
Community and agency services	11,440	239,173	1,430,942	656	500	-	1,682,711	-	-	-	1,682,711
Vehicles and transportation	1,070,069	-	-	-	-	-	1,070,069	-	-	-	1,070,069
Equipment	409,469	24,837	41,211	1,886	13,046	8,767	499,216	163,905	39,943	203,848	703,064
Depreciation	527,751	41,889	36,556	6,929	22,143	50,229	685,497	33,473	36,973	70,446	755,943
Travel	782	124	742	-	(197)	32	1,483	25	1,346	1,371	2,854
<b>Total other expenses</b>	<b>21,781,707</b>	<b>697,789</b>	<b>1,670,897</b>	<b>31,782</b>	<b>127,859</b>	<b>147,895</b>	<b>24,457,929</b>	<b>1,946,659</b>	<b>554,574</b>	<b>2,501,233</b>	<b>26,959,162</b>
<b>TOTAL EXPENSES BEFORE</b>											
Commodities distributed	25,557,263	2,203,832	3,221,624	248,559	1,453,193	849,509	33,533,980	3,914,241	2,997,657	6,911,898	40,445,878
Donated commodities distributed	72,501,270	-	-	-	-	-	72,501,270	-	-	-	72,501,270
<b>Total expenses</b>	<b>\$ 98,058,533</b>	<b>\$ 2,203,832</b>	<b>\$ 3,221,624</b>	<b>\$ 248,559</b>	<b>\$ 1,453,193</b>	<b>\$ 849,509</b>	<b>\$ 106,035,250</b>	<b>\$ 3,914,241</b>	<b>\$ 2,997,657</b>	<b>\$ 6,911,898</b>	<b>\$ 112,947,148</b>

**Alameda County Community Food Bank**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 10,869,688	\$ 26,850,425
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized loss (gain) on investments	701,435	(349,760)
Changes in promises to give discount	(7,884)	1,906
Stock donations	(1,712,626)	(1,076,235)
Depreciation	860,690	755,943
Net loss on disposal of equipment	2,358	7,469
Extinguishment of loan payable	-	(1,467,100)
Donated commodities received	(68,770,445)	(73,058,917)
Donated commodities distributed	68,642,304	72,501,270
Changes in operating assets and liabilities:		
Grants receivable	(3,945,276)	(1,573,829)
Promises to give	(349,374)	729,792
Program revenue and other receivables	(85,561)	(1,415)
Inventory	130,610	(955,258)
Prepaid expenses and deposits	(292,763)	(222,105)
Accounts payable and accrued expenses	1,601,188	1,061,346
Accrued compensated absences	(26,719)	266,310
Deferred revenue	(6,825)	(17,324)
Net cash provided by operating activities	<u>7,610,800</u>	<u>23,452,518</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(88,792,273)	(1,148,299)
Proceeds from sale of investments	52,414,320	1,993,667
Purchases of property and equipment	<u>(3,212,695)</u>	<u>(1,128,842)</u>
Net cash used in investing activities	<u>(39,590,648)</u>	<u>(283,474)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(31,979,848)	23,169,044
CASH AND CASH EQUIVALENTS, beginning of year	<u>50,834,107</u>	<u>27,665,063</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 18,854,259</u>	<u>\$ 50,834,107</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 300 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 53 million pounds of food in the 2022 fiscal year (58 million pounds of food in the 2021 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 300 strategically located member agencies. The food distribution program also includes programs such as emergency food drive thru distributions due to the economic crisis related to the pandemic and college and university programs.

**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 Food Bank’s CalFresh (formerly known as food stamps and known nationwide as “SNAP”) Outreach program staff guides eligible community members through the application process working through the Alameda County Social Services Agency. The CalFresh Outreach program decreased applications in 2022. Applications submitted equaled approximately 7,900 during the year ended June 30, 2022 (approximately 8,300 in 2021).

**Agency services** – The Food Bank supports its 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 and vehicle 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, 2022 and 2021, volunteer hours were equivalent to 41 and 48 full-time employees each year, respectively. Volunteer hours were approximately 80,000 and 95,000 for the years ended June 30, 2022 and 2021, 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. Total fiscal year 2022 revenue and support decreased from fiscal year 2021 primarily due to the decrease in government grants, government and donated commodities, and individual contributions from the beginning of the novel coronavirus (“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 assets 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 \$81,042,450 and \$71,634,582 as of June 30, 2022 and 2021, 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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### **OPERATING AND NONOPERATING ACCOUNTS**

All activities are considered operating except for unrealized gains/losses on investments, disposals of equipment, and the extinguishment of the Paycheck Protection Program (“PPP”) loan payable due to full forgiveness received during the 2021 fiscal year.

### **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, 2023.

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, 2022 and 2021.

### **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 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, 2022, a discount of \$9,584 was recorded on one promise to give due in more than one year. As of June 30, 2021, a discount of \$1,700 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, 2022 and 2021.

### **INVENTORY**

Purchased inventories are valued at the cost of products purchased as determined by the first-in, first-out method, 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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Donated inventories consist primarily of canned goods, produce and durable household goods. Donated inventories are valued at the weighted-average wholesale value of one pound of donated product based on the national per-pound price as proved by the most recent Feeding America Product Valuation Survey. Feeding America, the national food bank network which sets the standards for fiscal operations of food banks, valued USDA commodities at \$1.53 per pound and non-USDA commodities at \$1.92 per pound for the year ended June 30, 2022. Feeding America valued USDA commodities at \$1.70 per pound and non-USDA commodities at \$1.79 per pound for the year ended June 30, 2021. The Food Bank recognizes donated inventories as revenue in the statements of activities and changes in net assets. Donated inventories are recognized as expenses when distributed.

The donated commodities distributed includes spoilage and shrinkage for the years ended June 30, 2022 and 2021 of \$814,791 and \$3,511,838, respectively for non-USDA items. There was \$0 and \$3,406 shrinkage for USDA items for the years ended June 30, 2022 and 2021, respectively. The total spoilage and shrinkage represents 1% and 4% of the total costs and pounds of food distributed in fiscal years ended June 30, 2022 and June 30, 2021, 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 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, 2022 and 2021.



# Alameda County Community Food Bank

## Notes to Financial Statements

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### DEFERRED REVENUE

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

### REVENUE RECOGNITION

**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 and there is an increase to net assets without donor restrictions when the barrier is considered overcome. Allowable expenditures under such agreements are incurred and decrease 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.

**Contributed goods and services** – Donated materials 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.

# Alameda County Community Food Bank

## Notes to Financial Statements

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The Food Bank received and utilized donated goods and services primarily representing produce processing fees, auction event items, and professional services totaling \$355,580 and \$311,902 during the years ended June 30, 2022 and 2021, respectively.

The Food Bank regularly utilizes the services of volunteers. The Food Bank volunteers donated approximately 80,000 hours and 95,000 hours in years ended June 30, 2022 and 2021, respectively. 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 \$2.4 million at \$29.95 per hour for the year ended June 30, 2022 (approximately \$2.7 million at \$28.54 per hour in 2021). 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.

Special events and program revenue are accounted for under Accounting Standards Update (“ASU”) No. 2014-09 (Topic 606). Revenue is recognized as performance obligations are met.

**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 \$902,928 and \$533,874 for the years ended June 30, 2022 and 2021, respectively. The majority of the advertising expense is related to the CalFresh outreach and food distribution programs.

### 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.

U.S. GAAP requires 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.

The Food Bank is not aware of any uncertain tax positions as of June 30, 2022 and 2021.

## **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 18, 2022, 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.

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

# Alameda County Community Food Bank

## Notes to Financial Statements

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**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, 2022 and 2021.

**Municipal bonds and fixed income**– The fair value of municipal bonds and fixed income 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 investments are generally categorized in Level 2 of the fair value hierarchy.

**Mutual funds and equities** – Mutual funds and equities are listed on a national market or exchange and 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. 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, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Domestic equities	\$ 1,278,716	\$ 1,278,716	\$ -	\$ -
International equities	954,962	954,962	-	-
Other	57,121	57,121	-	-
Fixed income	<u>41,556,652</u>	<u>-</u>	<u>41,556,652</u>	<u>-</u>
Total	<u>\$ 43,847,451</u>	<u>\$ 2,290,799</u>	<u>\$ 41,556,652</u>	<u>\$ -</u>

The following tables provides information about the Food Bank's financial assets measured at fair value on June 30, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Municipal bonds	\$ 3,537,955	\$ -	\$ 3,537,955	\$ -
Mutual funds	<u>2,920,352</u>	<u>2,920,352</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,458,307</u>	<u>\$ 2,920,352</u>	<u>\$ 3,537,955</u>	<u>\$ -</u>

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

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**NOTE 3 – PROMISES TO GIVE**

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

	<u>2022</u>	<u>2021</u>
Pledges less than one year	\$ 863,584	\$ 488,858
Between one to five years	290,416	300,000
Present value discount at effective rate of 0.66%	<u>(9,584)</u>	<u>(1,700)</u>
Total	<u>\$ 1,144,416</u>	<u>\$ 787,158</u>

Five and six donors comprised the promise to give balance as of June 30, 2022 and 2021, respectively. The largest promise to give as of June 30, 2022 and 2021 equals \$600,000 and \$300,000, respectively.

**NOTE 4 – INVENTORY**

Inventory consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Government commodities	\$ 253,096	\$ 873,953
Donated food	1,871,204	1,122,206
Purchased food	<u>1,476,461</u>	<u>1,607,071</u>
Total	<u>\$ 3,600,761</u>	<u>\$ 3,603,230</u>

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

Property and equipment, net consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 11,955,570	\$ 11,659,540
Land	2,540,575	2,540,575
Office furniture and equipment	2,182,063	1,531,764
Vehicles	1,775,372	1,361,736
Warehouse equipment	<u>522,986</u>	<u>400,565</u>
	18,976,566	17,494,180
Less: accumulated depreciation	<u>(8,004,479)</u>	<u>(7,428,447)</u>
	10,972,087	10,065,733
Construction in progress	<u>2,039,657</u>	<u>596,364</u>
Total	<u>\$ 13,011,744</u>	<u>\$ 10,662,097</u>

# Alameda County Community Food Bank

## Notes to Financial Statements

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### NOTE 6 – BOARD DESIGNATED NET ASSETS

Board designated appropriations at June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Property and equipment, net	\$ 13,011,744	\$ 10,662,097
Inventory	3,600,761	3,603,230
Working capital reserve	2,000,000	2,000,000
Capital projects in process	1,500,000	4,017,989
Member agency capacity	3,500,000	5,000,000
Pandemic recovery	33,000,000	25,000,000
3-month reserve	12,470,808	10,919,389
Emergency reserve	<u>11,959,137</u>	<u>10,431,877</u>
 Total	 <u>\$ 81,042,450</u>	 <u>\$ 71,634,582</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* – \$1,500,000 as of June 30, 2022, represents warehouse final improvements including additional community market cooler and racking. \$4,017,989 as of June 30, 2021, represented warehouse improvements and software for the fundraising and volunteer system.

*Member agency capacity* – The Food Bank is specifically reserving to grant funds to organization in its agency network starting in fiscal year 2022. This indicates a continued increased investment, which is included in operating budgets.

*Pandemic Recovery* – The Food Bank has a ten-year financial plan which includes operating expenses greater than revenues estimated through fiscal year 2028. The Food Bank estimates that need for its services and related expenses will continue to remain high for several years while contributed and grant revenues taper off during the pandemic and related economic recovery. For fiscal year 2022, this number has increased \$8 million due to higher forecasted expenses compared to previous year's forecast.

*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* – The Food Bank Board has set aside funds required to cover operating needs to support the community during unanticipated economic slow-downs, natural disasters, or other emergencies.

The total of working capital, 3-month reserve and emergency reserve, at June 30, 2022 and 2021, represents operating expense excluding depreciation of 15.1 months and 14.7 months, respectively.

The \$9 million increase in Board designated net assets and net assets without donor restrictions is primarily related to individual revenue due to donors' response to the pandemic.

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

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**NOTE 7 – WITH DONOR RESTRICTION NET ASSETS**

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

	2022	2021
General operations-time restriction	\$ 900,000	\$ 530,000
Food purchases and distribution	493,147	741,000
Resource development	102,012	-
SNAP-CalFresh Outreach	158,970	39,306
Other food distribution and agency capacity	1,143,497	25,500
Total	\$ 2,797,626	\$ 1,335,806

All net assets with donor restrictions are expected to be released from restriction by June 30, 2023.

**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:

	2022	2021
Food purchases and distribution	\$ 990,880	\$ 1,141,801
General operations-time restriction	530,000	1,504,388
Organizational development and research	-	36,717
SNAP-CalFresh Outreach	225,335	148,321
Facilities projects	215,878	253,200
Other food distribution and agency capacity	287,004	244,704
Total	\$ 2,249,097	\$ 3,329,131

# Alameda County Community Food Bank

## Notes to Financial Statements

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### NOTE 9 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Food Bank’s financial assets as of June 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 18,854,259	\$ 50,834,107
Grants receivable	7,832,272	3,886,996
Promises to give, net	1,144,416	787,158
Program revenue and other receivables	179,794	94,233
Investments	<u>43,847,451</u>	<u>6,458,307</u>
Financial assets at June 30	<u>\$ 71,858,192</u>	<u>\$ 62,060,801</u>
Less those unavailable for general expenditures within one year, due to:		
Feeding America requirement, 3-month reserve	\$ 12,470,808	\$ 10,919,389
Board designated assets, capital improvements, and construction planned	1,500,000	4,017,989
Promises to give to be collected in more than one year	<u>290,416</u>	<u>300,000</u>
Total unavailable for general expenditures within one year	<u>14,261,224</u>	<u>15,237,378</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 57,596,968</u>	<u>\$ 46,823,423</u>

Property and equipment and inventory are included in Board-designated net assets on the statements 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.

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, 2022 and 2021, the Food Bank has remaining financial assets equivalent to an additional twelve and nine 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.



# Alameda County Community Food Bank

## Notes to Financial Statements

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### 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, 2022 and 2021 were \$446,268 and \$417,080, 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>Year Ending June 30,</u>	
2023	\$ 36,285
2024	33,072
2025	23,564
2026	10,420
	<hr/>
	\$ 103,341
	<hr/> <hr/>

Lease expense for the years ended June 30, 2022 and 2021 was \$78,536 and \$68,583, respectively.

#### CONTINGENCIES

In March 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. 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, 2022**

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				
County Food Distribution	Master Contract #900147	\$ 1,827,792	7/1/20-6/30/21	\$ 1,827,792
County Food Distribution	Master Contract #900147	4,000,000	4/1/22-6/30/23	4,000,000
County Capacity Building	Master Contract #900147	1,296,741	4/1/22-6/30/23	1,296,741
Emergency Food and Surplus Food Distribution Program	Contract #901941-21338	3,372,173	10/18/20-6/30/22	3,372,173
Emergency Rental Assistance Program	N/A	5,000	6/1/22-11/30/21	5,000
		<u>10,501,706</u>		<u>10,501,706</u>
<u>City of Hayward</u>				
Department of Library & Community Svcs				
Food Distribution Food Purchase Program	Resolution No.19-095	24,000	7/1/21-6/30/22	24,000
<u>City of Oakland Department of Human Services</u>				
Department of Human Services				
EFAC Human Services Department	Resolution No. 86856	1,128	9/1/20-6/30/21	1,128
EFAC Human Services Department	Resolution No. 86856	120,252	9/1/20-6/30/21	120,252
		<u>121,380</u>		<u>121,380</u>
<u>State of California</u>				
California Department of Social Services:				
EFAP (CalFood)	15-MOU-00105	244,124	7/1/21-6/30/22	244,124
CDSS Capacity	SGRT-19-0001	475,912	1/1/19-6/30/22	475,912
EFAP (Tax Check-Off Disbursement)	15-MOU-00105	26,982	7/1/21-6/30/22	26,982
		<u>747,018</u>		<u>747,018</u>
Total Expenditures of Other Government Awards		<u>\$ 11,394,104</u>		<u>\$ 11,394,104</u>

**Alameda County Community Food Bank  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022**

Federal Grantor/Pass - through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Program and/or Pass -Through Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>Emergency Food and Shelter National Board</u></b>				
U.S. Department of Homeland Security				
Pass - through programs from:				
Federal Emergency Management Agency -				
Emergency Food and Shelter Program	97.024	Phase 38	\$ 164,687	\$ 164,687
Emergency Food and Shelter Program	97.024	Phase 39	662,059	662,059
			<u>826,746</u>	<u>826,746</u>
<b><u>Food Distribution Cluster</u></b>				
U.S. Department of Agriculture				
California Department of Social Services -				
Emergency Food Assistance Program	10.568	15-MOU-00105	-	140,352
Emergency Food Assistance Program	10.568	15-MOU-00105	-	111,676
Emergency Food Assistance Program	10.568	15-MOU-00105	-	310,738
Emergency Food Assistance Program FFCRA	10.568	15-MOU-00105	-	268,775
Offset Produce for USDA Farm to Food Bank Program	10.569	G CDSS USDA 2021	-	54,869
Offset Produce for USDA Farm to Food Bank Program	10.569	G CDSS USDA 2021	-	18,344
USDA Food Commodities	10.569	15-MOU-00103	-	5,951,351
			<u>-</u>	<u>6,856,105</u>
Total Food Distribution Cluster				
<b><u>Supplemental Nutrition Assistance Program Cluster</u></b>				
U.S. Department of Agriculture				
Pass - through programs from:				
County of Alameda Social Services Agency -				
CAFB- CalFresh Outreach Program	10.561	Master Contract# 900147	-	2,153,297
Nutrition Education Obesity Prevention Program and Coordination	10.561	Master Contract# 19341	-	6,422
Nutrition Education Obesity Prevention Program and Coordination	10.561	Master Contract# 19341	-	22,331
California Department of Social Services -				
CAFB- CalFresh Outreach Program	10.561	MOU# 18-7013	-	17,117
CAFB- CalFresh Outreach Program	10.561	MOU# 18-7013	-	43,788
			<u>-</u>	<u>2,242,955</u>
Total Supplemental Nutrition Assistant Program Cluster				
<b><u>COVID-19 - Coronavirus Relief Fund</u></b>				
U.S. Department of Treasury				
Pass - through programs from:				
California Department of Food and Agriculture				
CRF Calfood Logistic	21.019	N/A	-	184,079
			<u>-</u>	<u>184,079</u>
Total Expenditures of Federal Awards				
			<u>\$ 826,746</u>	<u>\$ 10,109,885</u>

# 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, 2022. 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 \$10,109,885 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 (the “Food Bank”), which comprise the statement of financial position as of and for the year ended June 30, 2022, 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 18, 2022.

### **Report on 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 or significant deficiencies may exist that were not identified.

## **Report on 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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California  
November 18, 2022

## **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 for Each Major Federal Program**

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

We have audited Alameda County Community Food Bank's (the "Food Bank") compliance with the types of compliance requirements identified as subject to audit 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, 2022. The Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Food Bank complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Food Bank and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Food Bank's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Food Bank's federal programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Food Bank's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Food Bank's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Food Bank's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Food Bank's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Food Bank's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California

November 18, 2022

**Alameda County Community Food Bank**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. 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>Federal Assistance Listing 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
97.024	Emergency Food and Shelter Program	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.

