

**FOOD BANK OF
CONTRA COSTA AND SOLANO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020**

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INTRODUCTORY SECTION

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FOOD BANK OF CONTRA COSTA AND SOLANO

Financial Statements For the Year Ended June 30, 2020

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FOOD BANK OF CONTRA COSTA AND SOLANO

BOARD OF DIRECTORS

JUNE 30, 2020

OFFICERS

Tracy Tomkovicz, Chair
Laura Moran, Vice Chair
Judy Teichman, Secretary-Treasurer

BOARD MEMBERS

Tom Artz
Stephanie Caronna
Jim Gray
Chris Green
Mark Gundacker
Melissa Jones
Howard Jordan
David Le
Marc Lewis
Teresa Makarewicz
Laura Moran
Jacob Perez
Bruce Phelps
Glenn Smith
Judy Teichman
Tracy Tomkovicz

IN MEMORIAM

Bill Bodnar

MANAGEMENT

Joel Sjostrom – Executive Director
Hisham Hamdy – Operations Director
Kim Castaneda – Development Director
Nora Nicholson – Program Director
HuLynne Besharatpour – Finance Director
Lisa Sherrill – Communications Director
Holly Neu – Human Resources Director

CEO Audit Letter 2020

The end of our fiscal year brought unprecedented challenges due to COVID-19, record unemployment and even remote learning, and the Food Bank of Contra Costa and Solano was able to distribute record amounts of food to our neighbors in need throughout this global crisis.

We were able to provide significantly more meals to our community impacted by the pandemic because of the generosity of our volunteers and donors who enabled our dedicated staff with record volunteer hours and generous financial donations.

Our staff worked diligently through the many challenges and threats of this past year to innovate and collaborate like never before. Drive through distributions, new shelf stable emergency food boxes, and expanded produce distributions were all successful elements in scaling up the distribution in the initial months of the pandemic. New and close collaborations were formed with our county agencies, school districts and even other Food Banks to rapidly and creatively respond to the significant rise in food insecurity throughout our territory.

Just completing my first full year as President and CEO, I could not be more proud of how our staff, volunteers and our community who have stepped up to meet the significantly rising need in our community. I am so appreciative of the 45-year history of this Food Bank and remain committed to the long-term sustainability of the organization. As this audit reflects, we remain good stewards of the resources entrusted to us and we are committed to be here for the long term to partner with our community and serve our neighbors in need.



Joel Sjostrom
President & CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Food Bank of Contra Costa and Solano
Concord, California

Report on Financial Statements

We have audited the accompanying financial statements of the Food Bank of Contra Costa and Solano (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional activities, and cash flows for the year 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 audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Food Bank of Contra Costa and Solano'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 of Contra Costa and Solano'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Food Bank of Contra Costa and Solano as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Food Bank of Contra Costa and Solano's 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 20, 2019. In our opinion, the summarized comparative information as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it is derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Food Bank's basic financial statements. The Introductory Section and Supplemental Information, listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on our consideration of the Food Bank of Contra Costa and Solano's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 of Contra Costa and Solano's internal control over financial reporting and compliance.



Pleasant Hill, California
January 25, 2021

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FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2019

ASSETS	2020	2019
Current Assets:		
Cash and cash equivalents (Note 2C)	\$14,652,067	\$5,714,412
Investments without donor restrictions (Note 4):		
Certificates of deposit	1,009,274	1,008,119
Mutual funds		9,461
Accounts receivable (Note 6)	587,897	493,342
Inventory (Note 7):		
Purchased	1,151,522	421,878
Donated	3,595,802	2,936,092
Prepaid expenses and deposits	22,945	154,362
Total Current Assets	<u>21,019,507</u>	<u>10,737,666</u>
Non Current Assets:		
Investments with donor restrictions (Note 4):		
Mutual funds	89,016	81,134
Rent and other deposits	90,659	79,185
Fixed assets, net of accumulated depreciation (Note 8)	<u>3,262,768</u>	<u>2,730,442</u>
Total Non Current Assets	<u>3,442,443</u>	<u>2,890,761</u>
Total Assets	<u><u>\$24,461,950</u></u>	<u><u>\$13,628,427</u></u>
LIABILITIES		
Current Liabilities:		
Accrued liabilities	\$889,741	\$633,657
Accrued vacation (Note 2H)	267,792	262,601
Deferred revenue (Note 9)	1,227,882	717,381
Loan payable (Note 13)	<u>1,113,913</u>	
Total Current Liabilities	<u>3,499,328</u>	<u>1,613,639</u>
NET ASSETS (Note 2A)		
Without Donor Restrictions:		
Board reserved for:		
Building maintenance / enhancement	100,000	100,000
Disaster response	1,000,000	
Designated for investment in property and equipment	3,262,768	2,730,442
Designated for inventory	4,747,324	3,357,970
Unreserved, undesignated	<u>11,763,514</u>	<u>5,735,783</u>
Total Without Donor Restrictions	20,873,606	11,924,195
With Donor Restrictions:		
Cherie Howard Endowment Fund (Note 12C)	13,416	14,993
With Donor Restrictions in Perpetuity:		
Laurel Resources Endowment Fund (Note 12C)	<u>75,600</u>	<u>75,600</u>
Total Net Assets	<u>20,962,622</u>	<u>12,014,788</u>
Total Liabilities and Net Assets	<u><u>\$24,461,950</u></u>	<u><u>\$13,628,427</u></u>

See accompanying notes to financial statements

FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions		With	With Donor	Totals	
	Operating	Property &	Donor	Restrictions	2020	2019
	Account	Equipment	Restrictions	in Perpetuity		
SUPPORT AND REVENUES (Note 2B)						
Support						
Contributions:						
Corporate	\$2,067,261				\$2,067,261	\$1,313,931
Organizational	157,748				157,748	108,216
Individual	13,724,642				13,724,642	7,851,818
Donated food (Note 3)	77,973,376				77,973,376	75,908,236
Grants:						
Foundation	3,430,482				3,430,482	1,893,347
Government	2,391,649				2,391,649	1,690,723
Total Support	99,745,158				99,745,158	88,766,271
Revenues						
Food sales to other agencies	863,278				863,278	778,401
Agency service fee	163,281				163,281	188,269
Investment earnings	41,949		\$365	\$3,246	45,560	61,505
Unrealized gains (losses)	(3,479)		539	2,439	(501)	27,953
Rental income (Note 10)	147,152				147,152	132,768
Miscellaneous	242,664				242,664	67,354
Total Revenues	1,454,845		904	5,685	1,461,434	1,256,250
Net assets released from restrictions:						
Satisfaction of usage restrictions	8,166		(2,481)	(5,685)		
Total Support and Revenues	101,208,169		(1,577)		101,206,592	90,022,521
EXPENSES						
Program services	88,384,971	\$278,929			88,663,900	85,681,916
Management and general expenses	1,574,734	6,113			1,580,847	691,182
Fund raising	2,000,208	13,803			2,014,011	1,801,830
Total Expenses	91,959,913	298,845			92,258,758	88,174,928
CHANGES IN NET ASSETS BEFORE EQUIPMENT PURCHASE TRANSFER	9,248,256	(298,845)	(1,577)		8,947,834	1,847,593
EQUIPMENT PURCHASE TRANSFER	(831,171)	831,171				
Changes in Net Assets	8,417,085	532,326	(1,577)		8,947,834	1,847,593
Net Assets at Beginning of Year	9,193,753	2,730,442	14,993	75,600	12,014,788	10,167,195
Net Assets at End of Year	\$17,610,838	\$3,262,768	\$13,416	\$75,600	\$20,962,622	\$12,014,788

See accompanying notes to financial statements

FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF FUNCTIONAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					
	Pantry/Soup Kitchens	Senior Food Program	Food Assistance Program	Other Agencies	Food For Children	Farm 2 Kids
SUPPORT AND REVENUES						
Support						
Contributions:						
Corporate	\$550	\$15,139		\$68,166	\$157,080	\$13,371
Organizational						
Individual	1,200	1,050		7,266	50	4,500
Donated food	15,201					
Grants						
Foundation	175,907	303,796	\$36	17,120	25,478	59,545
Government	322,446	110,804	932,694	22,417	23,730	1,462
Total Support	515,304	430,789	932,730	114,969	206,338	78,878
Revenues						
Food sales to other agencies	454,281			287,110		
Agency service fee	124,984			38,126		
Investment earnings						
Unrealized gains (losses)						
Rental income						
Discounts earned and other				25,765		
Total Revenues	579,265			351,001		
Total Support and Revenues	1,094,569	430,789	932,730	465,970	206,338	78,878
FUNCTIONAL EXPENSES						
Salaries and wages	992,604	208,871	431,705	288,691	97,529	200,392
Donated food	25,719,530	1,196,822	4,231,818	6,443,279	493,575	1,670,646
Food purchases	578,322	273,907	8,941	312,292	128,749	21,799
Payroll taxes	86,416	18,412	36,663	25,702	8,554	16,950
Employee benefits	250,961	54,072	113,475	69,498	24,448	49,092
Other staffing expenses	66,436	9,668	15,126	8,876	3,105	8,138
Warehouse rental	162,672	14,894	30,448	18,006	5,888	16,762
Maintenance and repair	50,046	5,178	10,481	5,972	2,088	5,726
Insurance	6,413	1,361	2,740	1,787	644	1,278
Food acquisition expense	857,300	71,628	154,389	77,505	27,042	84,760
Telephone and utilities	27,393	5,641	11,366	10,035	2,619	5,416
Garbage removal	34,597	2,891	5,866	3,119	1,072	3,421
Equipment	71,813	9,134	18,451	11,236	3,930	9,510
Dues and subscriptions	6,959	1,425	2,870	1,868	673	1,342
Fees and service charges	10,237	1,017	2,053	2,021	594	1,043
Printing and publications	8,480	1,212	1,438	765	964	838
Postage and shipping	1,091	606	163	813	38	67
Warehouse supplies	103,165	8,419	16,566	8,810	3,028	9,661
Professional services	89,213	18,692	37,522	26,761	8,684	17,412
Transportation	311,628	26,035	52,830	28,129	9,655	30,808
Special events and promotional expense	16,115	1,346	2,732	1,453	499	1,593
Property taxes						
Office supplies	10,244	2,454	3,991	2,673	814	1,658
Travel and conferences	32,832	2,966	4,283	7,778	801	2,482
Gift certificates distributed	37,560	33,920				
COVID costs	47,576	2,578	5,228	5,303	971	3,014
Miscellaneous	28,628			4,154		
Total Before Depreciation	29,608,231	1,973,149	5,201,145	7,366,526	825,964	2,163,808
Depreciation (Note 8)	133,719	11,429	24,930	24,257	5,368	10,138
Total Functional Expenses	29,741,950	1,984,578	5,226,075	7,390,783	831,332	2,173,946
CHANGES IN NET ASSETS	(\$28,647,381)	(\$1,553,789)	(\$4,293,345)	(\$6,924,813)	(\$624,994)	(\$2,095,068)

See accompanying notes to financial statements

	Program Services					
	Extra Helpings	Cal Fresh	Harvest to Home	Community Produce	Education and Advocacy	Donated Food
SUPPORT AND REVENUES						
Support						
Contributions:						
Corporate				\$5,000		
Organizational						
Individual				350		
Donated food						
Grants						
Foundation	\$17,003	\$99,500		193,000	\$8,000	
Government	185,994	241,606	\$199	19,157		
Total Support	202,997	341,106	199	217,507	8,000	
Revenues						
Food sales to other agencies						
Agency service fee						
Investment earnings						
Unrealized gains (losses)						
Rental income						
Discounts earned and other						
Total Revenues						
Total Support and Revenues	202,997	341,106	199	217,507	8,000	
FUNCTIONAL EXPENSES						
Salaries and wages	95,147	383,658	34,724	535,761	242,810	
Donated food	77,472		337,821	6,800,722		
Food purchases	106,517					
Payroll taxes	8,816	38,656	3,159	46,843	18,143	
Employee benefits	23,737	86,918	7,850	152,619	41,467	
Other staffing expenses	71,819	9,924	1,223	20,840	4,909	
Warehouse rental	2,486	5,705	2,464	43,295	2,913	
Maintenance and repair	1,164	3,390	848	14,643	1,759	
Insurance	720	2,807	221	3,657	1,450	
Food acquisition expense	5,969		11,789	207,274		
Telephone and utilities	2,770	11,875	916	15,257	5,495	
Garbage removal	241		476	8,365		
Equipment	3,133	13,057	1,490	25,811	7,018	
Dues and subscriptions	748	5,112	231	3,832	4,516	
Fees and service charges	377	1,354	166	2,807	699	
Printing and publications	59	8,107	117	8,135		
Postage and shipping	42	2,161	11	210	152	
Warehouse supplies	847		1,344	63,554		
Professional services	9,188	66,784	3,018	50,796	39,855	
Transportation	2,170		4,285	95,654	113	
Special events and promotional expense	112		222	3,896	769	
Property taxes						
Office supplies	917	4,960	283	4,721	2,594	
Travel and conferences	1,747	16,663	504	9,173	12,868	
Gift certificates distributed					6,506	
COVID costs	281	306	424	7,428	158	
Miscellaneous		1,029			5,516	
Total Before Depreciation	416,479	662,466	413,586	8,125,293	399,710	
Depreciation (Note 8)	3,165	10,470	1,975	37,651	4,587	
Total Functional Expenses	419,644	672,936	415,561	8,162,944	404,297	
CHANGES IN NET ASSETS	(\$216,647)	(\$331,830)	(\$415,362)	(\$7,945,437)	(\$396,297)	

(Continued)

FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF FUNCTIONAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			
	Mobile Food Pantry	NOR/Cluster and Other Food Banks	NOR/CSFP	Total Program Services
SUPPORT AND REVENUES				
Support				
Contributions:				
Corporate				\$259,306
Organizational				
Individual		\$3		14,419
Donated food		77,958,175		77,973,376
Grants				
Foundation				\$899,385
Government	\$187,318	5,075	\$189,824	2,242,726
Total Support	187,318	77,963,253	189,824	81,389,212
Revenues				
Food sales to other agencies		121,887		863,278
Agency service fee		171		163,281
Investment earnings				
Unrealized gains (losses)				
Rental income				
Discounts earned and other		67,801		93,566
Total Revenues		189,859		1,120,125
Total Support and Revenues	187,318	78,153,112	189,824	82,509,337
FUNCTIONAL EXPENSES				
Salaries and wages	74,493	259,757	59,990	3,906,132
Donated food	669,317	26,769,895	2,870,340	77,281,237
Food purchases	102,866	734	111,958	1,646,085
Payroll taxes	6,300	21,074	5,604	341,292
Employee benefits	16,378	65,437	7,447	963,399
Other staffing expenses	1,827	2,970	1,587	226,448
Warehouse rental	2,121	2,513	1,073	311,240
Maintenance and repair	832	1,502	640	104,269
Insurance	512	1,245	530	25,365
Food acquisition expense	4,328	206		1,502,190
Telephone and utilities	1,969	4,716	2,009	107,477
Garbage removal	175			60,223
Equipment	2,675	4,863	6,047	188,168
Dues and subscriptions	532	1,291	550	31,949
Fees and service charges	269	600	256	23,493
Printing and publications	43			30,158
Postage and shipping	27	165	27	5,573
Warehouse supplies	1,210		182	216,786
Professional services	6,939	18,329	5,823	399,016
Transportation	5,745	5,230		572,282
Special events and promotional expense	81			28,818
Property taxes				
Office supplies	653	1,563	697	38,222
Travel and conferences	804	2,324	2,554	97,779
Gift certificates distributed				77,986
COVID costs	203	26,906	58	100,434
Miscellaneous			59,623	98,950
Total Before Depreciation	900,299	27,191,320	3,136,995	88,384,971
Depreciation (Note 8)	5,125	4,253	1,862	278,929
Total Functional Expenses	905,424	27,195,573	3,138,857	88,663,900
CHANGES IN NET ASSETS	(718,106)	\$50,957,539	(\$2,949,033)	(\$6,154,563)

	Supporting Services			Totals	
	Management and General	Fundraising	Total Supporting Services	2020	2019
SUPPORT AND REVENUES					
Support					
Contributions:					
Corporate	\$197,957	\$1,609,998	\$1,807,955	\$2,067,261	\$1,313,931
Organizational	1,500	156,248	157,748	157,748	108,216
Individual	221,270	13,488,953	13,710,223	13,724,642	7,851,818
Donated food				77,973,376	75,908,236
Grants					
Foundation	1,053,909	1,477,188	2,531,097	3,430,482	1,893,347
Government	148,923		148,923	2,391,649	1,690,723
Total Support	1,623,559	16,732,387	18,355,946	99,745,158	88,766,271
Revenues					
Food sales to other agencies				863,278	778,401
Agency service fee				163,281	188,269
Investment earnings	45,560		45,560	45,560	61,505
Unrealized gains (losses)	(501)		(501)	(501)	27,953
Rental income	147,152		147,152	147,152	132,768
Discounts earned and other	149,098		149,098	242,664	67,354
Total Revenues	341,309		341,309	1,461,434	1,256,250
Total Support and Revenues	1,964,868	16,732,387	18,697,255	101,206,592	90,022,521
FUNCTIONAL EXPENSES					
Salaries and wages	445,628	668,774	1,114,402	5,020,534	4,456,602
Donated food		1,020	1,020	77,282,257	75,433,695
Food purchases				1,646,085	1,349,306
Payroll taxes	22,628	51,896	74,524	415,816	374,873
Employee benefits	66,468	66,975	133,443	1,096,842	970,171
Other staffing expenses	52,305	30,492	82,797	309,245	194,130
Warehouse rental	3,113	7,639	10,752	321,992	291,503
Maintenance and repair	1,839	4,664	6,503	110,772	104,612
Insurance	7,964	6,694	14,658	40,023	38,927
Food acquisition expense				1,502,190	1,386,743
Telephone and utilities	5,998	14,263	20,261	127,738	140,034
Garbage removal				60,223	63,702
Equipment	5,953	19,686	25,639	213,807	119,748
Dues and subscriptions	1,580	15,208	16,788	48,737	49,973
Fees and service charges	97,460	15,071	112,531	136,024	114,607
Printing and publications		704,406	704,406	734,564	733,263
Postage and shipping	501	20,722	21,223	26,796	24,497
Warehouse supplies				216,786	191,960
Professional services	52,498	331,996	384,494	783,510	774,305
Transportation				572,282	541,372
Special events and promotional expense		5,735	5,735	34,553	73,590
Property taxes	17,131		17,131	17,131	15,250
Office supplies	4,072	13,452	17,524	55,746	45,944
Travel and conferences	7,017	6,243	13,260	111,039	124,292
Gift certificates distributed	60,000	14,543	74,543	152,529	121,423
COVID costs	709,735	410	710,145	810,579	
Miscellaneous	12,844	319	13,163	112,113	174,864
Total Before Depreciation	1,574,734	2,000,208	3,574,942	91,959,913	87,909,386
Depreciation (Note 8)	6,113	13,803	19,916	298,845	265,542
Total Functional Expenses	1,580,847	2,014,011	3,594,858	92,258,758	88,174,928
CHANGES IN NET ASSETS	\$384,021	\$14,718,376	\$15,102,397	\$8,947,834	\$1,847,593

FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	<u>\$8,947,834</u>	<u>\$1,847,593</u>
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	298,845	265,542
Loss on disposal of property and equipment	77,507	641
(Increase) in accounts receivables	(94,555)	(122,883)
(Increase) in inventory	(1,389,354)	(572,569)
(Increase) decrease in prepaid expenses	131,417	(58,679)
(Increase) in rent and other deposits	(11,474)	(1,319)
(Decrease) increase in accrued liabilities	256,084	(20,191)
Increase in accrued vacation	5,191	33,391
Increase in deferred revenue	<u>510,501</u>	<u>305,856</u>
Total Adjustments	<u>(215,838)</u>	<u>(170,211)</u>
Net Cash Provided by Operating Activities	<u>8,731,996</u>	<u>1,677,382</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Purchase of investments		(75,779)
Proceeds from sale of investments	424	84,546
Purchase of property and equipment	<u>(908,678)</u>	<u>(201,396)</u>
Net Cash (Used) by Investing Activities	<u>(908,254)</u>	<u>(192,629)</u>
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Proceeds from loan payable	<u>1,113,913</u>	
Net Cash Provided by Financing Activities	<u>1,113,913</u>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,937,655	1,484,753
Cash and cash equivalents, beginning of year	<u>5,714,412</u>	<u>4,229,659</u>
Cash and cash equivalents, end of year	<u><u>\$14,652,067</u></u>	<u><u>\$5,714,412</u></u>
Supplemental disclosure of cash flow information:		
No taxes or interest were paid by the Organization during 2020 or 2019.		
Donation of food - Noncash activity	<u><u>\$77,973,376</u></u>	<u><u>\$59,918,618</u></u>

See accompanying notes to financial statements

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – REPORTING ENTITY

A. *Organization*

The Food Bank of Contra Costa and Solano (Food Bank) was incorporated on July 28, 1975. The Food Bank was established in order to efficiently gather, warehouse and distribute food products to Contra Costa charities meeting emergency food needs. In November 1996 the Food Bank took over responsibility for providing food to Solano County charities. In furtherance of its purpose, the Food Bank provides food to supplemental feeding programs, promotes awareness of hunger, food waste and the value of proper nutrition. The Food Bank is governed by a Board of Directors comprising sixteen members. The Food Bank receives funding from private and public sources.

B. *Programs*

The Food Bank's programs include:

Pantry/Soup Kitchens Program – this program provides food to local non-profit agencies that provide food baskets and hot meals to people in need in Contra Costa and Solano Counties.

School Pantry Program – this program provides shelf-stable food items to high schools and middle schools where 50% or more of the students receive free or reduced price lunches.

Senior Food Program – needy senior citizens in Contra Costa and Solano Counties are provided with a nutritious bag of food on a twice a month basis under this program.

Food Assistance Program – this U.S. Department of Agriculture program funds the distribution of commodities to people in need in Contra Costa and Solano Counties.

Other Agencies Program – these include local charitable organizations.

Food for Children Program – this program provides over 25 pounds of groceries every month to nearly nine hundred children from low-income families in Contra Costa County and Solano Counties.

Farm 2 Kids Program – this program provides fresh fruits and vegetables to children of low-income families through partnerships with after school programs.

Extra Helpings Program – this program serves low income individuals in Contra Costa County who are chronically ill and in case management. Funding for this program comes from the Ryan White Care Act.

Cal Fresh Program – Food Bank staff and volunteers help clients determine if they are eligible and assist in applying for Cal Fresh (formally known as Food Stamps.) This helps increase the number of people who are eligible receive benefits as well as debunk common myths surrounding the program.

Harvest to Home – Fresh produce and bread are distributed to low-income housing complexes twice a month.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – REPORTING ENTITY (Continued)

Community Produce Program – this program distributes fresh fruits and vegetables to low-income neighborhoods throughout Contra Costa and Solano Counties. Two refrigerated trucks serve as mobile distribution vehicles and together make 100 stops per month.

Education and Advocacy Program – The Food Bank continues its efforts to educate the public about the reasons hunger exists in our community. By educating the community and urging them to take steps to address hunger, the Food Bank hopes to improve the circumstances of people in need. The Food Bank is involved in Nutrition Education and Advocacy.

Mobile Food Pantry Program – The Mobile Food Pharmacy is a mobile pantry with healthy food at Solano County Public Health clinics. Public health patients who are food insecure are prescribed healthy food boxes to help reduce instances of diet-related diseases. They are given a box of shelf-stable items as well as fresh produce.

NOR/Cluster Program and Other Food Banks – The Food Bank of Contra Costa and Solano has the responsibility for distributing food to collaborating food banks in Northern California and Nevada through the “cluster” distribution system encouraged by our national network. In addition, Food Bank shares food with local food banks in the Bay Area/Northern California area in order to increase the amount and variety of food available to the Food Bank and other partners.

NOR/CSFP Program – Retail grocery stores in Contra Costa and Solano Counties participate in the Grocery Recovery Program, donating millions of pounds of food each year. The Food Bank’s Food Resource Developer develops and maintains the Food Bank’s relationships with donor groceries, ensuring that donations are optimized through coordinated scheduling and regular communication. Donated food is collected and loaded onto the Food Bank’s refrigerated trucks and transported to the warehouse in Concord, where it is weighted, logged, and checked for food safety by trained Food Bank staff and volunteers. Rescued food is then distributed through the Food Bank’s 180 partner agencies. Some of the pick-ups are done directly by Food Bank partner agencies. Agencies report all pounds collected by category through an online portal called Meal Connect.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

The Food Bank reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, reserves for building maintenance/enhancement, property and equipment, and inventory.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions on the net assets are reported as reclassifications between the applicable classes of net assets.

B. *Support and Revenues*

The Food Bank relies on contracts with governmental units, grants from foundations, contributions from individuals and corporations, and donations of food. Public contributions are recorded upon receipt. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support and revenues with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

C. *Cash and Cash Equivalents*

The Food Bank considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents. At June 30, the Food Bank's cash and cash equivalents were held in three financial institutions and consisted of the following:

	2020	2019
Cash in bank	\$10,583,117	\$3,052,859
Money market	4,068,950	2,661,553
Total	<u>\$14,652,067</u>	<u>\$5,714,412</u>

D. *Investments*

Investments are measured at fair value on the statements of financial position. Unless donor or law restricts the income or loss, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the increase in net assets without donor restrictions.

E. *Concentration of Credit Risk*

The Federal Deposit Insurance Corporation (FDIC) insures account balances at each insured institution up to \$250,000. At various times during the year, cash at these institutions exceeded federally insured limits, however, management believes the Food Bank is not exposed to any significant credit risk related to cash.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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F. Accounts Receivable

Receivables are recorded net of an allowance for expected losses. The allowance is recorded based on an estimate of the expected collectability of the amounts. Management considers the receivables recorded at June 30, 2020 to be fully collectible.

G. Inventory

Inventory consists of purchased and donated food. Purchased food is recorded at cost, which is lower than market. Donated food is valued at \$1.62 per pound as determined by Feeding America. Food Bank uses the first-in first-out (FIFO) basis of inventory valuation.

H. Accrued Vacation

Accrued vacation is comprised of unused vacation leave and certain compensated time off, which are accrued as earned. The liability is determined monthly. Management has determined that all balances are classified as current.

I. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses are charged directly to program or management and general categories based on specific identification. Those expenses which cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage. Personnel costs, including salaries and fringe benefits, are allocated based on the estimated percentage of time each position works in each program or administration. Other costs are allocated using the pounds distributed and/or the full-time equivalent ratio for personnel in each program.

J. Advertising Costs

Advertising costs, if any, are expensed as incurred.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Fair Value Measurements

The Food Bank reports certain assets and liabilities at fair value in the financial statements. 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. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Food Bank develops inputs using the best information available in the circumstances.

M. Prior Year Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Food Bank's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

N. Income Tax Status

The Food Bank is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Food Bank qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Food Bank paid no taxes on unrelated business income in the years ended June 30, 2020 or 2019.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Food Bank does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Food Bank's tax returns will not be challenged by the taxing authorities and that the Food Bank will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Food Bank's tax returns remain open for federal income tax examination for three years from the date of filing.

O. Subsequent Events

The Food Bank evaluated subsequent events for recognition and disclosure through January 25, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2020 that requires recognition or disclosure in such financial statements except as follows:

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2020, the Food Bank entered into a lease with a third party to lease a 104,000 square foot warehouse in Fairfield, California, to be used for general office administration, warehousing and distribution of food and food related products. The ten year lease commences December 1, 2020 through February 28, 2031. No payment is required for the first three months. The monthly base rent of \$65,520 will be due on March 1, 2021. With the relocation to this new building, the lease on the current Fairfield warehouse expired on December 31, 2020 (see Note 14).

NOTE 3 – IN-KIND DONATIONS

The Food Bank receives substantial donations of food (which includes personal hygiene items and other staples), equipment and volunteer services. Contributions of food and equipment are recorded at their fair values in the period received (see Note 7).

The Food Bank recognizes the fair value of donated services if the services meet the recognition criteria which include a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. During the years ended June 30, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

In addition, many individuals volunteer their time and perform a variety of services for the Food Bank. These services do not meet the recognition criteria. These individuals contributed 106,684 hours of their time in fiscal 2020 and 108,359 hours of their time in fiscal 2019 for the Contra Costa and Solano programs combined.

NOTE 4 – CASH AND INVESTMENTS

Cash and investments consist of the following as of June 30:

	2020	2019
<i>Investments</i>		
Without donor restrictions:		
Certificates of deposit	\$1,009,274	\$1,008,119
Mutual funds		9,461
Total investments	<u>1,009,274</u>	<u>1,017,580</u>
With donor restrictions:		
Mutual funds	89,016	81,134
Total investments	<u>89,016</u>	<u>81,134</u>
Total investments	<u>1,098,290</u>	<u>1,098,714</u>
<i>Cash and cash equivalents</i>	<u>14,652,067</u>	<u>5,714,412</u>
Total cash and investments	<u><u>\$15,750,357</u></u>	<u><u>\$6,813,126</u></u>

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments in money market, mutual funds, and certificates of deposit are reported at their fair market values in the statement of financial position. All investments are level 1 identical assets (see Note 2L). There are no level 2 or level 3 assets as of June 30, 2020 and 2019, respectively. Unrealized gains and losses are included in the statement of activities.

Investments in money market accounts are insured up to \$5,000,000 of which \$500,000 is insured by the Securities Investor Protection Corporation and \$4,500,000 is insured by Aetna Insurance Company.

At June 30, 2020, investments with donor restrictions include \$13,416 in mutual funds for the Cherie Howard Endowment. The Cherie Howard Endowment Fund requires the principal and income be used for Food Bank operations equally over a twenty-five year period.

At June 30, 2020, investments with donor restrictions in perpetuity consist of \$75,600 in mutual funds for the Laurel Resources Endowment Fund. The Laurel Resources Endowment Fund requires the principal be invested in perpetuity, and the income be used for Food Bank's operations.

NOTE 5 – LINE OF CREDIT

The Food Bank has a \$500,000 line of credit with a bank. The line of credit carries a floating interest rate equal to the greater of the Index rate plus 0.50% or the Floor rate of 5.00%. The Index Rate is the Prime Rate set by the Bank. There were no draws or repayments made throughout the year, and no outstanding balance against the line of credit as of June 30, 2020 or 2019.

NOTE 6 – ACCOUNTS RECEIVABLE

Accounts receivables comprise the following at June 30:

Granting Agency	2020	2019
City of Concord	\$4,364	\$4,362
Contra Costa County	20,674	20,681
Solano County	84,008	26,949
Contra Costa County Cal Fresh	22,456	22,433
Contra Costa County Health Services	32,224	22,139
Local Charitable Agencies	70,515	85,359
The Emergency Food Assistance Program	258,835	211,726
Department of Health Services	43,960	43,368
Food Bank of Yolo County	6,593	6,186
Napa Valley Food Bank	6,767	11,043
Placer Food Bank	7,725	17,329
Sacramento Food Bank	8,904	8,077
Other	20,872	13,690
Total accounts receivable	<u>\$587,897</u>	<u>\$493,342</u>

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – INVENTORY

Inventory comprises purchased and donated food. Purchased food is recorded at cost, which is lower than market, using the first-in first-out (FIFO) basis of inventory valuation. Purchases are made with the Food Bank's funds that are without donor restrictions and with private and government grant funds awarded specifically for that purpose.

Purchased inventory includes the following at June 30:

	2020	2019
Food purchased with operating funds	\$1,083,205	\$362,782
Food purchased with grant funds	68,317	59,096
Total purchased inventory	<u>\$1,151,522</u>	<u>\$421,878</u>

Donated food was valued at \$1.62 per pound as determined by Feeding America, the national food bank network, for financial statement purposes, and includes the following at June 30:

	2020	2019
Donated food	\$3,591,415	\$2,900,295
Donated gift certificates	4,387	35,797
Total donated inventory	<u>\$3,595,802</u>	<u>\$2,936,092</u>

The NOR/Cluster Program pounds in inventory at June 30, 2020 and 2019 were 33,779 pounds and 175,272 pounds, respectively, valued at \$54,722 and \$266,413, respectively.

Food distribution activity, *in pounds*, was as follows:

	2020			
	Donated Pounds	Purchased Pounds	Total	2019
Food held for distribution, beginning of year	1,701,976	522,704	2,224,680	1,975,414
Food Received	46,098,285	3,929,853	50,028,138	46,548,677
Food Distributed	(45,686,588)	(3,023,676)	(48,710,264)	(45,936,596)
Unusable Product	(380,610)		(380,610)	(480,927)
Food held for distribution, end of year	<u>1,733,063</u>	<u>1,428,881</u>	<u>3,161,944</u>	<u>2,106,568</u>

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – FIXED ASSETS

Fixed assets balances and activity are summarized below for the year ended June 30, 2020:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Non-depreciable assets:				
Land	\$500,237			\$500,237
Construction in Progress	39,533		(\$39,533)	
Total non-depreciable assets	539,770		(39,533)	500,237
Depreciable assets:				
Building and improvement	4,253,064			4,253,064
Leasehold improvement	7,195	\$369,306		376,501
Furniture and equipment	1,812,753	70,938	(22,798)	1,860,893
Computer hardware	61,238			61,238
Computer software	110,161	97,229	(37,974)	169,416
Warehouse equipment and vehicles	1,683,876	371,205	(13,081)	2,042,000
Total depreciable assets	7,928,287	908,678	(73,853)	8,763,112
Less accumulated depreciation	(5,737,615)	(298,845)	35,879	(6,000,581)
Total net depreciable assets	2,190,672	609,833	(37,974)	2,762,531
Total fixed assets, net	\$2,730,442	\$609,833	(\$77,507)	\$3,262,768

Purchased furniture and equipment are stated at cost. Furniture and equipment contributed to the Food Bank are stated at estimated fair value at the time of contribution. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as support 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 without donor restrictions to net assets with donor restrictions at that time. Expenditures that materially increase the value or life of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

All fixed asset purchases above \$5,000 are capitalized. Depreciation is computed by the straight-line method over the estimated useful lives of the assets (ranging from three to thirty years). Depreciation is charged as an expense against operations, and accumulated depreciation is reported on the statement of financial position.

Fully depreciated assets in use at June 30, 2020 and 2019 amounted to \$3,305,921 and \$2,961,698, respectively, and are included in the furniture and equipment and accumulated depreciation accounts.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – DEFERRED REVENUE

The Food Bank sometimes receives funds in advance to finance program expenditures and are conditional on performance of the agreement. Deferred revenue consists of amounts received related to the following programs as of June 30, and are expected to be recognized as revenue during the following fiscal year as expenditures are incurred:

	2020	2019
Chronicle - Season of Sharing		\$468,961
Gift Certificates	\$4,377	35,787
COVID-19 Relief Funds	1,131,735	
Pass Thru Grants - Campfire	91,770	133,399
Other		79,234
	<u>\$1,227,882</u>	<u>\$717,381</u>
Total Deferred Revenue	<u>\$1,227,882</u>	<u>\$717,381</u>

NOTE 10 – RENTAL INCOME

The Food Bank rents one of its buildings at 4000 Nelson Avenue in Concord to a company under a noncancelable lease at a monthly base rent of \$11,396 at June 30, 2020, that adjusts at the expiration of each 12 month period by 3%. The original lease was effective October 1, 2015 through September 30, 2018, and provided the tenant an option to extend the lease for another 5 years. The tenant exercised its option to extend until September 30, 2021. During fiscal years ending June 30, 2020 and 2019, the Food Bank received \$147,152 and \$132,768, respectively, from this lease.

As of June 30, 2020, the Food Bank expects to receive \$34,188 until the lease expires on October 1, 2021.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – INSURANCE COVERAGE

The following insurance was in force at June 30, 2020:

Coverage	Limit	Deductible
Commercial:		
General Liability	\$2,000,000	\$0
Personal Property	1,213,555	6,000
Real Property	5,938,357	6,000
Automobile	1,000,000	500-1,000
Crime	50,000-200,000	1,000
Cyber Liability	1,000,000	10,000
Electronic Equipment	478,500	1,000
Special Floater	346,179	1,000
Earthquake	6,778,534	50,000
Directors & Officers	1,000,000	0-5,000
Employment Practice	1,000,000	10,000
Umbrella	5,000,000	10,000
Worker's Compensation	1,000,000 (per occurrence)	0

NOTE 12 – ENDOWMENTS

Food Bank's endowments consist of the Laurel Resource Endowment Fund and the Cherie Howard Endowment Fund, which were established to generate income, as restricted by the donors. The Laurel Resources Endowment Fund requires the principal be invested in perpetuity, and the income be used for Food Bank's operations. The Cherie Howard Endowment Fund requires the principal and income be used for Food Bank operations equally over a twenty-five year period beginning January 1, 2004. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

A. Interpretation of Relevant Law

The Food Bank is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of the Food Bank has interpreted UPMIFA as not requiring the preservation of the fair value of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Food Bank retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Food Bank in a manner consistent with the standard of prudence prescribed by UPMIFA. The Food Bank considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – ENDOWMENTS (Continued)

- The duration and preservation of the endowment fund
- The purposes of the organization and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Food Bank
- The investment policies of the Food Bank

B. Return Objective and Risk Parameters

The Food Bank has adopted an investment policy with the primary investment objective to attempt to maximize total return, while assuming an appropriate level of risk given the nature of the funds under management. The goal is to produce a growing level of income and principal to ensure that the funding for the activities supported by the endowment can be maintained in the face of inflation.

C. Strategies Employed for Achieving Objectives

Endowment assets are invested in mutual funds. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Changes in Endowment Net Assets for the fiscal year ended June 30, 2020 are as follows:

	With Donor Restrictions	With Donor Restrictions in Perpetuity	Without Donor Restrictions	Total
	Cherie Howard Endowment	Laurel Resources Endowment		
Beginning Balance at July 1, 2019	\$14,993	\$75,600	\$2,405,059	\$2,495,652
Dividends and realized gains	365	3,246	38,513	42,124
Unrealized gains and adjustments	539	2,439	14,583	17,561
Stock deposits and sales	-		1,344,510	1,344,510
Appropriation of endowment for expenditure	(2,481)	(5,685)	8,166	
Endowment net assets at June 30, 2020	<u>\$13,416</u>	<u>\$75,600</u>	<u>\$3,810,831</u>	<u>\$3,899,847</u>

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 13 – LOAN PAYABLE

In May 2020, the Organization received a \$1,113,913 loan from the U.S. Small Business Administration Paycheck Protection Program (PPP), with an interest rate of 1.0% that matures in May 2022. The loan was made pursuant to sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Section 1106 of the CARES Act provides that up to the full principal amount plus interest accrued on loans guaranteed under the PPP may qualify for forgiveness if the Organization uses the loan proceeds for forgivable purposes.

The Organization intends to spend the funds in accordance with the guidelines that will make the loan forgivable.

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

A. Lease Commitments

On July 29, 2010, the Food Bank entered into a lease for its Solano County food distribution center. On May 1, 2012, the Food Bank expanded its Solano County food distribution center. As of June 30, 2020, the monthly lease amount was \$23,258. The lease agreement has been extended until December 31, 2021.

As of June 30, 2020, the Food Bank has entered into noncancelable operating lease agreements for the rental of office equipment and four vehicles.

The lease expense under all leases was \$422,407 for the year ended June 30, 2020.

Minimum lease payments, on an annual basis are as follows:

Year Ending June 30	Amount
2021	\$412,604
2022	256,909
2023	88,540
2024	38,176
2025	28,908
	<u>\$825,137</u>

B. Contingent Grant Liabilities

The Food Bank's federal and State grant programs have been audited by its auditors in accordance with the provisions of the Federal Single Audit Act, as amended, and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, the programs are still subject to further audit by the grantors. If further audits are performed, the Food Bank expects any disallowances that might result to be immaterial.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

C. COVID-19 Global Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of Coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, equity markets have significantly declined from their historically high levels. The pandemic has directly impacted the Food Bank as the need for food supplies for families in need has dramatically increased. The Food Bank has been the recipient of increased contributions and grant funding as a result. The ultimate financial impact and duration cannot be reasonably estimated at this time, therefore, no contingencies have currently been recorded in these financial statements.

NOTE 15 – RETIREMENT PLAN

The Food Bank maintains a 403(b) defined contribution retirement plan for all qualified employees. The Food Bank matches up to 3% of qualified compensation for the benefit of qualified employees. For the fiscal years ended June 30, 2020 and 2019, employer contributions to the plan were \$100,888 and \$94,388, respectively.

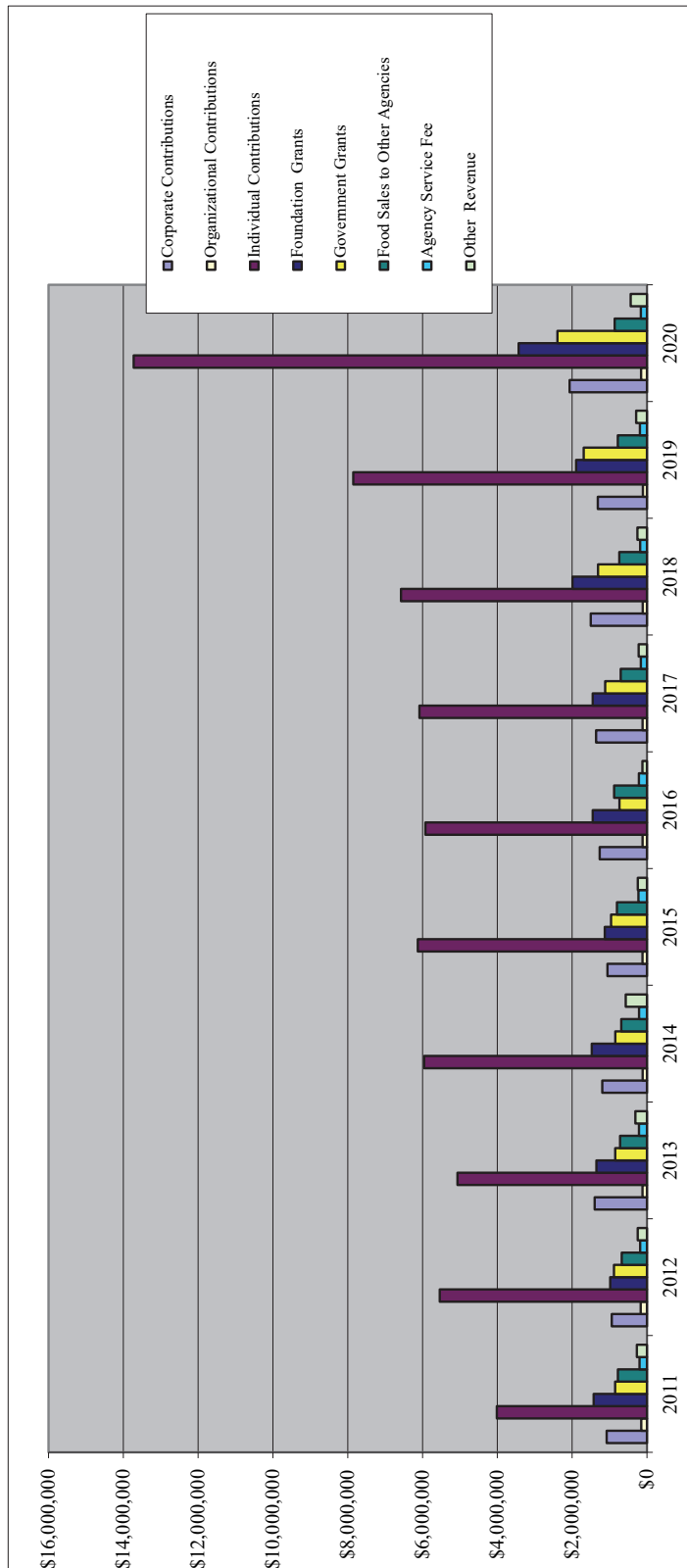
NOTE 16 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at June 30, 2020:

Total current financial assets:	
Cash and cash equivalents	\$14,652,067
Certificates of deposit	1,009,274
Mutual funds	89,016
Accounts receivable	587,897
	<hr/>
Total current financial assets	16,338,254
Contractual or donor-imposed restrictions:	
Cherie Howard endowment	(13,416)
Laurel Resources endowment	(75,600)
	<hr/>
Total contractual or donor-imposed restrictions	(89,016)
Board designated reserves:	
Building maintenance and enhancement	(100,000)
Disaster response	(1,000,000)
	<hr/>
Financial Assets Available to Meet Cash Needs	
for Expenditures Within One Year	<u><u>\$15,149,238</u></u>

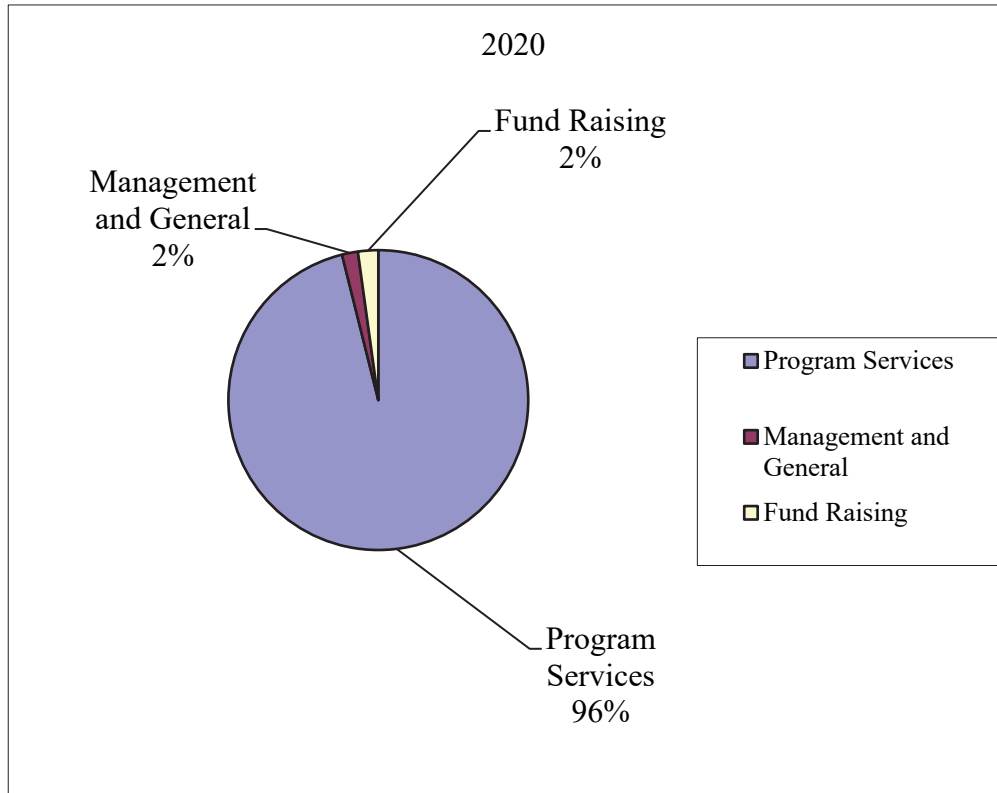
SUPPLEMENTAL INFORMATION

FOOD BANK OF CONTRA COSTA AND SOLANO
SOURCES OF SUPPORT AND REVENUES
(EXCLUSIVE OF DONATED FOOD)
LAST TEN YEARS



Source: Food Bank of Contra Costa and Solano Audited Financial Statements.

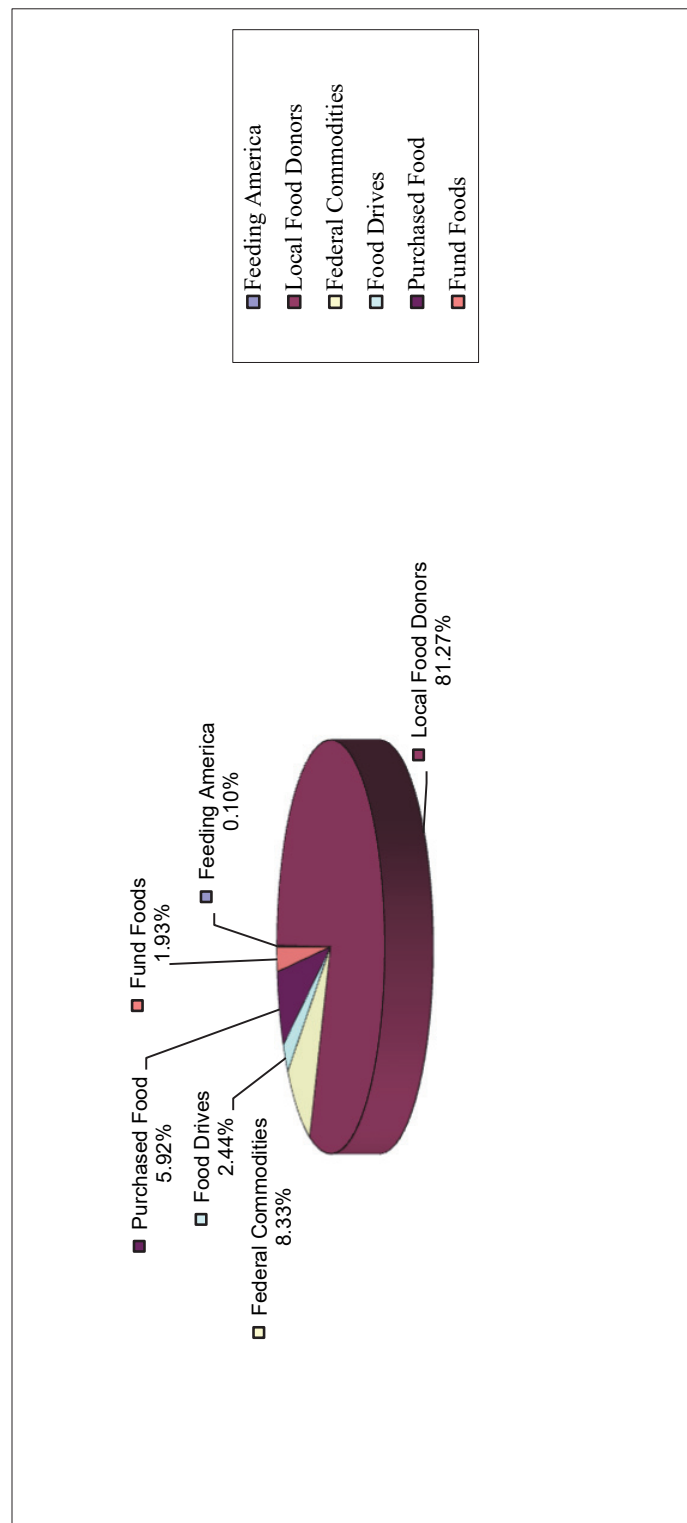
FOOD BANK OF CONTRA COSTA AND SOLANO
FUNCTIONAL EXPENSES
BY EXPENSE CATEGORY
LAST TEN YEARS



Year	Program Services	Management and General	Fund Raising	Total Functional Expenses
2011	\$37,117,085	\$448,785	\$1,293,598	\$38,859,468
2012	46,490,063	442,837	1,411,674	48,344,574
2013	48,145,918	469,726	1,601,155	50,216,799
2014	56,492,588	493,087	1,837,568	58,823,243
2015	60,643,262	500,048	2,178,075	63,321,385
2016	59,468,587	446,183	1,932,993	61,847,763
2017	65,021,051	510,420	1,982,642	67,514,113
2018	69,222,419	506,622	1,963,840	71,692,881
2019	85,681,916	691,182	1,801,830	88,174,928
2020	88,663,900	1,580,847	2,014,011	92,258,758

Source: Food Bank of Contra Costa and Solano Audited Financial Statements.

FOOD BANK OF CONTRA COSTA AND SOLANO
SOURCES OF FOOD
(IN POUNDS)
YEAR ENDED JUNE 30, 2020



	Feeding America	Local Food Donors	Federal Commodities	Food Drives	Purchased Food	Fund Foods	Total
Pounds	48,888	40,659,285	4,167,715	1,222,397	2,962,733	967,120	50,028,138
Percentages	0.10%	81.27%	8.33%	2.44%	5.92%	1.93%	100.00%

Source: Food Bank of Contra Costa and Solano

FOOD BANK OF CONTRA COSTA AND SOLANO
FOOD DISTRIBUTION
BY PROGRAM

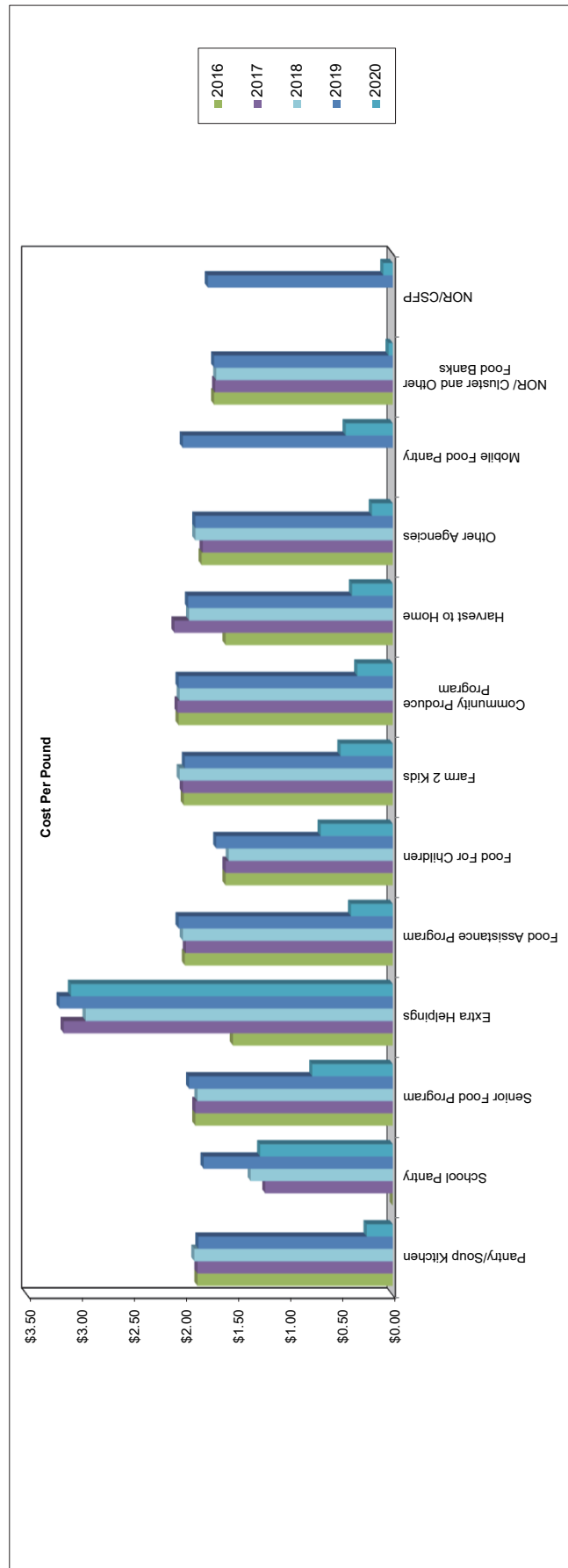
IN POUNDS
YEAR ENDED JUNE 30, 2020



	Pantry/Soup Kitchen		School Pantry		Senior Food Program		Extra Helpings		Food Assistance Program		Food For Children		Other Agencies		Farm 2 Kids		Community Produce Program		Harvest To Home		Unusable Product		Mobile Food Pantry		NOR/Cluster and Other Food Banks		NOR/CSFP		Total	
	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage	Pounds	Percentage
	16,199,786	32.54%	103,363	0.21%	1,022,531	2.05%	111,009	0.22%	2,455,777	4.93%	490,933	0.99%	2,671,963	5.37%	1,011,207	2.03%	4,020,221	8.08%	198,718	0.40%	380,610	0.76%	518,995	1.04%	18,916,180	38.00%	1,675,785	3.37%	49,777,078	100%

Source: Food Bank of Contra Costa and Solano

FOOD BANK OF CONTRA COSTA AND SOLANO
COST PER POUND
BY PROGRAM
LAST FIVE YEARS



* Costs significantly effected by COVID-19 Pandemic

Source: Food Bank of Contra Costa and Solano