

**FOOD BANK OF  
CONTRA COSTA AND SOLANO  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2022**

This Page Left Intentionally Blank

## **INTRODUCTORY SECTION**

This Page Left Intentionally Blank

**FOOD BANK OF CONTRA COSTA AND SOLANO**

**Financial Statements  
For the Year Ended June 30, 2022**

**Table of Contents**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION</b>	
Table of Contents .....	i
Food Bank of Contra Costa and Solano Board of Directors and Management.....	ii
Transmittal Letter .....	iii
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b> .....	<b>1</b>
<b>Financial Statements</b>	
Statement of Financial Position .....	4
Statement of Activities.....	5
Statement of Functional Activities .....	6
Statement of Cash Flows .....	10
Notes to Financial Statements.....	11
<b>SUPPLEMENTAL INFORMATION</b>	
Sources of Support and Revenues, Last Ten Years.....	28
Functional Expenses – By Expense Category, Last Ten Years .....	29
Sources of Food, Current Year .....	30
Food Distribution – By Program in Pounds, Current Year .....	31
Cost Per Pound – By Program, Last Five Years .....	32

**FOOD BANK OF CONTRA COSTA AND SOLANO**

**BOARD OF DIRECTORS**

**JUNE 30, 2022**

**OFFICERS**

Laura Moran, Chair  
Jill Steele, Vice Chair  
Tanya Powell, Secretary-Treasurer

**BOARD MEMBERS**

Jenny Berten  
Aimee Cassulo  
Tom Chowaniec  
Keva Dean  
Rich Golinski  
Mark Gundacker  
Melissa Manke Fimbres  
Melissa Jones  
Marc Lewis  
Teresa Makarewicz  
Ryan Misasi  
Laura Moran  
Bruce Phelps  
Tanya Powell  
Jille Steele  
Gretchen Tai  
Tracy Tomkovicz

**MANAGEMENT**

Joel Sjostrom – President and CEO  
Hisham Hamdy – Operations Director  
Kim Castaneda – VP of Development and Communications  
Jenny Schaeffer – Program Director  
Brian Morrow – VP of Finance  
Krystine Dinh – Communications Director  
Holly Neu – Human Resources Director



## **CEO Audit Letter 2022**

In this fiscal year, our Food Bank continued to serve record numbers of people in our community, as clients impacted by the pandemic faced record inflation and high food costs. Our serve numbers remained high as we consistently served 100,000 more residents every month than before the pandemic. The need for food assistance is not letting up.

Because of the generosity of our donors and volunteers who enabled our dedicated staff with record volunteer hours and generous financial donations, we've continued to expand our capacity to distribute more and even better food to our neighbors in need. Our Food Bank is providing even more nutritious food with a focus in providing more produce, dairy and proteins to our clients. Fighting food insecurity with more nutritious food, also promotes better health and personal well-being and we remain committed to supporting better health outcomes through our service to our community.

As I approach my third-year anniversary as President and CEO, I could not be prouder of how our staff, volunteers and our community have stepped up to meet the significantly increased need in our community. I remain 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 long-term to partnering with our community and serving our neighbors in need.

A handwritten signature in blue ink, appearing to read "Joel Sjostrom".

Joel Sjostrom  
President & CEO

This Page Left Intentionally Blank



## **FINANCIAL SECTION**

This Page Left Intentionally Blank

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of Contra Costa and Solano as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. 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 Food Bank of Contra Costa and Solano and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

#### *Responsibilities of Management 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.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

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

We have previously audited the Food Bank of Contra Costa and Solano's 2021 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 21, 2021. In our opinion, the summarized comparative information as of and for the year ended June 30, 2021 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 6, 2023, 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.

*Mazze & Associates*

Pleasant Hill, California  
January 6, 2023

FOOD BANK OF CONTRA COSTA AND SOLANO  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2022  
WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2021

	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents (Note 2C)	\$21,517,232	\$22,570,992
Investments without donor restrictions (Note 4):		
Certificates of deposit	1,010,969	1,010,089
Accounts receivable (Note 6)	3,192,337	752,072
Inventory (Note 7):		
Purchased	1,865,107	2,132,627
Donated	5,588,588	5,410,031
Prepaid expenses and deposits	212,149	306,351
Total Current Assets	33,386,382	32,182,162
Non Current Assets:		
Investments with donor restrictions (Note 4):		
Mutual funds	85,860	87,437
Rent and other deposits	136,576	149,223
Fixed assets, net of accumulated depreciation (Note 8)	7,318,685	5,206,411
Total Non Current Assets	7,541,121	5,443,071
Total Assets	\$40,927,503	\$37,625,233
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued liabilities	\$1,677,941	\$1,901,400
Accrued vacation (Note 2H)	343,275	331,355
Deferred revenue (Note 9)	4,217,054	33,510
Loan payable (Note 13)	1,113,913	1,113,913
Total Current Liabilities	6,238,270	3,380,178
NET ASSETS (Note 2A)		
Without Donor Restrictions:		
Board reserved for:		
Building maintenance / enhancement	100,000	100,000
Disaster response	2,000,000	2,000,000
Designated for investment in property and equipment	7,318,685	5,206,411
Designated for inventory	7,453,695	7,542,658
Unreserved, undesignated	17,730,993	19,308,549
Total Without Donor Restrictions	34,603,373	34,157,618
With Donor Restrictions:		
Cherie Howard Endowment Fund (Note 12C)	10,260	11,837
With Donor Restrictions in Perpetuity:		
Laurel Resources Endowment Fund (Note 12C)	75,600	75,600
Total Net Assets	34,689,233	34,245,055
Total Liabilities and Net Assets	\$40,927,503	\$37,625,233

See accompanying notes to financial statements

FOOD BANK OF CONTRA COSTA AND SOLANO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions		With Donor Restrictions	With Donor Restrictions in Perpetuity	Totals	
	Operating Account	Property & Equipment Account			2022	2021
SUPPORT AND REVENUES (Note 2B)						
Support						
Contributions:						
Corporate	\$2,518,154				\$2,518,154	\$3,909,139
Organizational	221,292				221,292	269,174
Individual	14,727,948				14,727,948	19,443,293
Donated food (Note 3)	88,124,885				88,124,885	91,195,147
Grants:						
Foundation	3,285,755				3,285,755	3,932,109
Government	4,912,699				4,912,699	5,416,705
Total Support	113,790,733				113,790,733	124,165,567
Revenues						
Food sales to other agencies	901,187				901,187	1,183,757
Agency service fee	142,523				142,523	152,398
Investment earnings	32,736		\$130	\$1,772	34,638	54,731
Unrealized gains (losses)	16,533		(745)	(10,979)	4,809	17,880
Rental income (Note 10)						22,792
Miscellaneous	139,079				139,079	205,806
Total Revenues	1,232,058		(615)	(9,207)	1,222,236	1,637,364
Net assets released from restrictions:						
Satisfaction of usage restrictions	(8,245)		(962)	9,207		
Total Support and Revenues	115,014,546		(1,577)		115,012,969	125,802,931
EXPENSES						
Program services	110,154,957	\$680,651			110,835,608	108,927,206
Management and general expenses	1,093,412	13,569			1,106,981	1,033,581
Fund raising	2,596,729	29,473			2,626,202	2,559,711
Total Expenses	113,845,098	723,693			114,568,791	112,520,498
CHANGES IN NET ASSETS BEFORE EQUIPMENT PURCHASE TRANSFER	1,169,448	(723,693)	(1,577)		444,178	13,282,433
EQUIPMENT PURCHASE TRANSFER	(2,835,967)	2,835,967				
Changes in Net Assets	(1,666,519)	2,112,274	(1,577)		444,178	13,282,433
Net Assets at Beginning of Year	28,951,207	5,206,411	11,837	75,600	34,245,055	20,962,622
Net Assets at End of Year	\$27,284,688	\$7,318,685	\$10,260	\$75,600	\$34,689,233	\$34,245,055

See accompanying notes to financial statements

FOOD BANK OF CONTRA COSTA AND SOLANO  
STATEMENT OF FUNCTIONAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					
	Pantry/Soup Kitchens	Senior Food Program	Food Assistance Program	Other Agencies	Food For Children	Farm 2 Kids
<b>SUPPORT AND REVENUES</b>						
Support						
Contributions:						
Corporate	\$102,331	\$37,500		\$281,981	\$10,904	
Organizational	(2,500)					
Individual	98,485	1,500		1,200	550	
Donated food	30,608,854	520,596	5,316,976	5,476,076	329,514	960,713
Grants:						
Foundation	469,418	67,380		185,977		133,436
Government	1,057,731	95,807	1,510,165	8,221	17,932	363
Total Support	<u>32,334,319</u>	<u>722,783</u>	<u>6,827,141</u>	<u>5,953,455</u>	<u>358,900</u>	<u>1,094,512</u>
Revenues						
Food sales to other agencies	636,887			129,350		
Agency service fee	121,511			20,964		
Investment earnings						
Unrealized gains (losses)						
Rental income						
Discounts earned and other						
Total Revenues	<u>758,398</u>			<u>150,314</u>		
Total Support and Revenues	<u>33,092,717</u>	<u>722,783</u>	<u>6,827,141</u>	<u>6,103,769</u>	<u>358,900</u>	<u>1,094,512</u>
<b>FUNCTIONAL EXPENSES</b>						
Salaries and wages	1,572,674	349,975	608,870	574,824	157,989	255,148
Donated food	30,608,854	520,596	5,316,976	5,476,076	329,514	960,713
Food purchases	1,641,490	636,992	2,822	574,275	108,414	2,432
Payroll taxes	134,534	29,824	52,265	48,542	13,676	21,930
Employee benefits	360,457	103,892	154,146	135,192	38,843	68,644
Other staffing expenses	59,203	5,576	14,343	9,881	3,841	4,778
Warehouse rental	540,496	40,981	91,401	100,283	19,157	38,198
Maintenance and repair	78,394	7,401	16,314	13,310	2,842	6,304
Insurance	15,599	3,449	5,726	5,406	1,451	2,557
Food acquisition expense	1,037,998	47,928	179,724	100,169	15,168	47,557
Telephone and utilities	46,121	8,568	14,886	13,711	3,561	6,486
Garbage removal	37,295	1,575	5,320	3,617	480	1,717
Equipment	90,089	9,987	20,571	17,628	3,949	8,228
Dues and subscriptions	21,730	4,770	7,932	7,442	1,997	3,537
Fees and service charges	13,617	1,470	2,889	2,624	588	1,181
Printing and publications	11,174	1,630	3,439	7,612	2,491	410
Postage and shipping	1,085	144	226	896	114	93
Warehouse supplies	131,535	12,357	18,575	13,309	3,302	5,995
Professional services	160,712	36,040	61,182	56,437	15,741	26,862
Transportation	377,612	15,976	53,715	37,937	4,816	17,387
Special events and promotional expense	871	37	124	84	11	40
Property taxes	-	-	-	-	-	-
Office supplies	15,430	2,856	4,631	4,769	1,144	2,045
Travel and conferences	31,224	1,471	3,580	3,988	382	1,056
Gift certificates distributed	321,350	67,380	-	46,750	-	-
COVID costs	-	-	-	-	-	-
Miscellaneous	824,491	-	-	299,758	-	-
Total Before Depreciation	<u>38,134,035</u>	<u>1,910,875</u>	<u>6,639,657</u>	<u>7,554,520</u>	<u>729,471</u>	<u>1,483,298</u>
Depreciation (Note 8)	311,309	24,771	58,932	46,384	9,221	21,979
Total Functional Expenses	<u>38,445,344</u>	<u>1,935,646</u>	<u>6,698,589</u>	<u>7,600,904</u>	<u>738,692</u>	<u>1,505,277</u>
<b>CHANGES IN NET ASSETS</b>	<u>(\$5,352,627)</u>	<u>(\$1,212,863)</u>	<u>\$128,552</u>	<u>(\$1,497,135)</u>	<u>(\$379,792)</u>	<u>(\$410,765)</u>

See accompanying notes to financial statements



	Program Services					
	Extra Helpings	Cal Fresh	Harvest to Home	Community Produce	Education and Advocacy	Donated Food
<b>SUPPORT AND REVENUES</b>						
Support						
Contributions:						
Corporate				\$2,500		
Organizational						
Individual		\$50		1,875		
Donated food	91,190		146,173	7,377,433		-
Grants:						
Foundation		150,000		60,000		
Government	214,435	359,380	70	20,865		
Total Support	<u>305,625</u>	<u>509,430</u>	<u>146,243</u>	<u>7,462,673</u>		
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	<u>305,625</u>	<u>509,430</u>	<u>146,243</u>	<u>7,462,673</u>		
<b>FUNCTIONAL EXPENSES</b>						
Salaries and wages	172,746	445,881	55,859	700,728	\$302,274	
Donated food	91,190	-	146,173	7,377,433	-	333,268
Food purchases	131,736	-	-	1,143,512	-	
Payroll taxes	14,991	38,579	4,872	60,702	24,503	
Employee benefits	43,057	100,907	13,402	182,700	50,919	
Other staffing expenses	70,782	8,783	719	19,643	20,409	
Warehouse rental	8,376	15,661	7,343	141,590	6,936	
Maintenance and repair	2,807	8,198	925	23,764	3,631	
Insurance	1,771	5,593	452	6,565	2,477	
Food acquisition expense	3,932	-	4,868	263,061	-	
Telephone and utilities	4,237	14,929	1,117	17,896	5,922	
Garbage removal	142	-	176	9,498	-	
Equipment	4,115	16,867	1,275	28,790	8,463	
Dues and subscriptions	2,448	10,321	623	9,177	8,770	
Fees and service charges	644	2,001	188	3,876	868	
Printing and publications	34	82,545	42	7,521	-	
Postage and shipping	51	1,125	12	186	148	
Warehouse supplies	496	522	614	117,836	-	
Professional services	17,968	69,523	5,330	72,295	103,945	
Transportation	1,486	-	1,776	104,104	-	
Special events and promotional expense	3	-	4	222	5,112	
Property taxes	-	-	-	-	-	
Office supplies	1,380	6,267	358	5,428	2,157	
Travel and conferences	1,890	4,164	183	6,290	5,038	
Gift certificates distributed	-	25,600	-	-	4,858	
COVID costs	-	-	-	-	-	
Miscellaneous	-	3,432	-	-	1,386	
Total Before Depreciation	<u>576,282</u>	<u>860,898</u>	<u>246,311</u>	<u>10,302,817</u>	<u>557,816</u>	<u>333,268</u>
Depreciation (Note 8)	8,330	23,356	3,048	89,935	10,343	
Total Functional Expenses	<u>584,612</u>	<u>884,254</u>	<u>249,359</u>	<u>10,392,752</u>	<u>568,159</u>	<u>333,268</u>
<b>CHANGES IN NET ASSETS</b>	<u>(\$278,987)</u>	<u>(\$374,824)</u>	<u>(\$103,116)</u>	<u>(\$2,930,079)</u>	<u>(\$568,159)</u>	<u>(\$333,268)</u>

(Continued)

FOOD BANK OF CONTRA COSTA AND SOLANO  
STATEMENT OF FUNCTIONAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Total Program Services
	Mobile Food Pantry	NOR/Cluster and Other Food Banks	NOR/CSFP	COVID	Disaster	
<b>SUPPORT AND REVENUES</b>						
Support						
Contributions:						
Corporate				\$76,790	\$158,840	\$670,846
Organizational				11,962		9,462
Individual				1,849		105,509
Donated food	1,549,703	32,005,105	2,305,153	1,421,120	16,279	88,124,885
Grants:						
Foundation						1,066,211
Government	203,208		182,953	1,406		3,672,536
Total Support	<u>1,752,911</u>	<u>32,005,105</u>	<u>2,488,106</u>	<u>1,513,127</u>	<u>175,119</u>	<u>93,649,449</u>
Revenues						
Food sales to other agencies		134,950				901,187
Agency service fee		48				142,523
Investment earnings						
Unrealized gains (losses)						
Rental income						
Discounts earned and other		69,231				69,231
Total Revenues		<u>204,229</u>				<u>1,112,941</u>
Total Support and Revenues	<u>1,752,911</u>	<u>32,209,334</u>	<u>2,488,106</u>	<u>1,513,127</u>	<u>175,119</u>	<u>94,762,390</u>
<b>FUNCTIONAL EXPENSES</b>						
Salaries and wages	134,490	329,478	99,374	43,997		5,804,307
Donated food	1,549,703	32,005,105	2,305,153	1,421,120	16,279	88,458,153
Food purchases	88,013	144,134	-	43,143	313,787	4,830,750
Payroll taxes	10,916	26,710	8,541	3,606	-	494,191
Employee benefits	34,668	80,580	11,712	6,266	-	1,385,385
Other staffing expenses	3,069	6,459	2,776	2,772	-	233,034
Warehouse rental	19,321	7,178	3,170	66,693	-	1,106,784
Maintenance and repair	3,598	8,327	3,491	3,830	-	183,136
Insurance	1,205	2,563	1,132	326	-	56,272
Food acquisition expense	34,076	85,003	34,076	62,348	-	1,915,908
Telephone and utilities	3,160	6,832	2,986	1,324	-	151,736
Garbage removal	1,230	3,069	1,230	2,251	-	67,600
Equipment	4,489	10,047	4,257	4,242	-	232,997
Dues and subscriptions	1,663	3,511	1,555	467	-	85,943
Fees and service charges	626	1,407	601	487	-	33,067
Printing and publications	294	733	294	538	-	118,757
Postage and shipping	33	195	31	9	-	4,348
Warehouse supplies	4,447	10,716	4,296	13,532	16,215	353,747
Professional services	12,340	26,087	10,550	4,400	-	679,412
Transportation	18,906	49,492	13,358	22,769	-	719,334
Special events and promotional expense	29	72	29	53	-	6,691
Property taxes	-	-	-	-	-	-
Office supplies	979	2,097	922	332	-	50,795
Travel and conferences	914	3,686	1,139	1,772	-	66,777
Gift certificates distributed	-	-	-	-	-	465,938
COVID costs	-	-	-	1,464,751	-	1,464,751
Miscellaneous	-	-	56,077	-	-	1,185,144
Total Before Depreciation	<u>1,928,169</u>	<u>32,813,481</u>	<u>2,566,750</u>	<u>3,171,028</u>	<u>346,281</u>	<u>110,154,957</u>
Depreciation (Note 8)	13,131	30,907	12,825	16,180	-	680,651
Total Functional Expenses	<u>1,941,300</u>	<u>32,844,388</u>	<u>2,579,575</u>	<u>3,187,208</u>	<u>346,281</u>	<u>110,835,608</u>
CHANGES IN NET ASSETS	<u>(\$188,389)</u>	<u>(\$635,054)</u>	<u>(\$91,469)</u>	<u>(\$1,674,081)</u>	<u>(\$171,162)</u>	<u>(16,073,218)</u>

See accompanying notes to financial statements

	Supporting Services			Totals	
	Management and General	Fundraising	Total Supporting Services	2022	2021
	<b>SUPPORT AND REVENUES</b>				
<b>Support</b>					
Contributions:					
Corporate	\$3,135	\$1,844,173	\$1,847,308	\$2,518,154	\$3,909,139
Organizational		211,830	211,830	221,292	269,174
Individual		14,622,439	14,622,439	14,727,948	19,443,293
Donated food				88,124,885	91,195,147
Grants:					
Foundation		2,219,544	2,219,544	3,285,755	3,932,109
Government	1,240,163		1,240,163	4,912,699	5,416,705
Total Support	1,243,298	18,897,986	20,141,284	113,790,733	124,165,567
<b>Revenues</b>					
Food sales to other agencies				901,187	1,183,757
Agency service fee				142,523	152,398
Investment earnings	34,638		34,638	34,638	54,731
Unrealized gains (losses)	(14,483)	19,292	4,809	4,809	17,880
Rental income					22,792
Discounts earned and other	44,648	25,200	69,848	139,079	205,806
Total Revenues	64,803	44,492	109,295	1,222,236	1,637,364
Total Support and Revenues	1,308,101	18,942,478	20,250,579	115,012,969	125,802,931
<b>FUNCTIONAL EXPENSES</b>					
Salaries and wages	634,128	846,503	1,480,631	7,284,938	5,754,502
Donated food	-	-	-	88,458,153	89,426,963
Food purchases	-	-	-	4,830,750	3,242,495
Payroll taxes	48,907	68,073	116,980	611,171	481,206
Employee benefits	90,879	107,872	198,751	1,584,136	1,309,054
Other staffing expenses	26,668	32,446	59,114	292,148	311,435
Warehouse rental	9,098	19,763	28,861	1,135,645	523,488
Maintenance and repair	4,763	10,345	15,108	198,244	170,559
Insurance	11,466	11,307	22,773	79,045	57,443
Food acquisition expense	-	-	-	1,915,908	1,597,384
Telephone and utilities	8,295	16,746	25,041	176,777	167,919
Garbage removal	-	-	-	67,600	74,871
Equipment	7,147	19,396	26,543	259,540	264,825
Dues and subscriptions	4,504	37,647	42,151	128,094	119,221
Fees and service charges	86,490	13,055	99,545	132,612	137,434
Printing and publications	-	851,921	851,921	970,678	740,174
Postage and shipping	524	22,185	22,709	27,057	34,084
Warehouse supplies	-	-	-	353,747	319,901
Professional services	147,287	490,094	637,381	1,316,793	1,075,213
Transportation	-	-	-	719,334	678,761
Special events and promotional expense	-	21,350	21,350	28,041	38,068
Property taxes	3,628	-	3,628	3,628	17,313
Office supplies	2,522	19,818	22,340	73,135	69,102
Travel and conferences	7,106	6,008	13,114	79,891	69,508
Gift certificates distributed	-	1,700	1,700	467,638	478,747
COVID costs	-	500	500	1,465,251	4,106,635
Miscellaneous	-	-	-	1,185,144	733,878
Total Before Depreciation	1,093,412	2,596,729	3,690,141	113,845,098	112,000,183
Depreciation (Note 8)	13,569	29,473	43,042	723,693	520,315
Total Functional Expenses	1,106,981	2,626,202	3,733,183	114,568,791	112,520,498
<b>CHANGES IN NET ASSETS</b>	<b>\$201,120</b>	<b>\$16,316,276</b>	<b>\$16,517,396</b>	<b>\$444,178</b>	<b>\$13,282,433</b>

FOOD BANK OF CONTRA COSTA AND SOLANO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$444,178	\$13,282,433
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	723,693	520,315
Loss on disposal of property and equipment		385,686
Loan forgiveness	(1,113,913)	
(Increase) in accounts receivables	(2,440,265)	(164,175)
Decrease (increase) in inventory	88,963	(2,795,334)
Decrease (increase) in prepaid expenses	94,202	(283,406)
Decrease (increase) in rent and other deposits	12,647	(58,564)
(Decrease) increase in accrued liabilities	(223,459)	1,011,659
Increase in accrued vacation	11,920	63,563
Increase (decrease) in deferred revenue	4,183,544	(1,194,372)
Total Adjustments	1,337,332	(2,514,628)
Net Cash Provided by Operating Activities	1,781,510	10,767,805
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:</b>		
Purchase of investments	(408,520)	(741,866)
Proceeds from sale of investments	409,217	356,944
Purchase of property and equipment	(2,835,967)	(2,463,958)
Net Cash (Used) by Investing Activities	(2,835,270)	(2,848,880)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,053,760)	7,918,925
Cash and cash equivalents, beginning of year	22,570,992	14,652,067
Cash and cash equivalents, end of year	\$21,517,232	\$22,570,992
<b>Supplemental disclosure of cash flow information:</b>		
No taxes or interest were paid by the Organization during 2022 or 2021.		
Donation of food - Noncash activity	\$88,124,885	\$91,195,147
Donation of Fixed Assets - Noncash activity	\$3,135	\$5,000

See accompanying notes to financial statements

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**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, 2022**

**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.

**COVID Program** – The Food Bank of Contra Costa and Solano COVID Program includes direct expenses for additional food purchases and personnel expenses.

**Disaster Program** – The Food Bank of Contra Costa and Solano Disaster Program includes any personnel and non-personnel expenses related to the Food Bank’s response to serving areas effected by disasters.

**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:

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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, disaster response, property and equipment, and inventory.

*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:

	2022	2021
Cash in bank	\$2,928,540	\$4,410,166
Money market	18,588,692	18,160,826
Total	\$21,517,232	\$22,570,992

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

***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, 2022 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 \$1.70 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.



**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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, 2021, 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, 2022 or 2021, respectively.

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 6, 2023, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2022 that requires recognition or disclosure in such financial statements.

**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.

Donations of food are recorded at their fair values on the Statement of Activities and Statement of Functional Expenses in the period received, which is established by Feeding America on an annual basis (see Note 7 for detailed information). Typically these food donations are without donor restrictions, and are utilized within the reporting period, or very close to year-end as possible to avoid spoilage.

Any contributions of equipment the Food Bank receives are recorded at their fair values on the date of donation, are typically without donor restrictions, and are primarily utilized by the Food Bank to perform services.

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, 2022 and 2021, 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 97,282 hours of their time in fiscal 2022 and 108,567 hours of their time in fiscal 2021 for the Contra Costa and Solano programs combined.

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 4 – CASH AND INVESTMENTS**

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

	2022	2021
<i>Investments</i>		
Without donor restrictions:		
Certificates of deposit	\$1,010,969	\$1,010,089
With donor restrictions:		
Mutual funds	85,860	87,437
Total investments	1,096,829	1,097,526
<i>Cash and cash equivalents</i>		
Total cash and investments	\$22,614,061	\$23,668,518

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, 2022 and 2021, 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, 2022, investments with donor restrictions include \$10,260 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, 2022, 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 with a maturity date of December 1, 2022. 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, 2022 or 2021.

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 6 – ACCOUNTS RECEIVABLE**

Accounts receivables comprise the following at June 30:

Granting Agency	2022	2021
The Emergency Food Assistance Program	\$230,187	\$456,237
Federal Emergency Management Agency (FEMA)	525,813	
Raley's Grant	1,753,835	
Department of Health Services	138,523	66,578
Contra Costa County	25,199	36,819
Solano County	40,664	32,688
Contra Costa County Health Services	100,743	32,187
Local Charitable Agencies	44,068	27,570
Contra Costa County Cal Fresh	22,500	22,500
Food Bank of Yolo County	30,608	14,780
Placer Food Bank	39,816	14,379
Napa Valley Food Bank	14,159	12,949
Sacramento Food Bank	10,751	9,576
City of Concord	4,366	4,627
Other	211,105	21,182
Total accounts receivable	<u>\$3,192,337</u>	<u>\$752,072</u>

**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:

	2022	2021
Food purchased with operating funds	\$1,062,797	\$1,377,837
Food purchased with grant funds	802,310	754,790
Total purchased inventory	<u>\$1,865,107</u>	<u>\$2,132,627</u>

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 7 – INVENTORY (Continued)**

Donated food was valued at \$1.70 per pound as determined by Feeding America, the national food bank network, for financial statement purposes, and includes the following at June 30:

	2022	2021
Donated food	\$5,027,705	\$5,361,175
Donated gift certificates	560,883	48,856
Total donated inventory	\$5,588,588	\$5,410,031

The NOR/Cluster Program pounds in inventory at June 30, 2022 and 2021 were 168,700 pounds and 74,740 pounds, respectively, valued at \$301,973 and \$130,048, respectively.

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

	2022			2021
	Donated & Government Pounds	Purchased Pounds	Totals	
Food held for distribution, beginning of year	3,265,452	1,752,845	5,018,297	3,542,554
Food Received	51,541,756	4,669,323	56,211,079	68,569,244
Food Distributed	(51,218,119)	(5,299,164)	(56,517,283)	(66,718,917)
Unusable Product	(290,742)		(290,742)	(374,584)
Food held for distribution, end of year	3,298,347	1,123,004	4,421,351	5,018,297

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 8 – FIXED ASSETS**

Fixed assets balances and activity are summarized below for the year ended June 30, 2022:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Non-depreciable assets:				
Land	\$500,237			\$500,237
Construction in Progress	666,461	\$1,823,430		2,489,891
Total non-depreciable assets	1,166,698	1,823,430		2,990,128
Depreciable assets:				
Building and improvement	4,279,620	65,066		4,344,686
Leasehold improvement	376,501	28,201		404,702
Furniture and equipment	2,471,242	216,582		2,687,824
Computer hardware	306,072	171,012		477,084
Computer software	176,217	17,680		193,897
Warehouse equipment and vehicles	2,821,143	513,996		3,335,139
Total depreciable assets	10,430,795	1,012,537		11,443,332
Less accumulated depreciation	(6,391,082)	(723,693)		(7,114,775)
Total net depreciable assets	4,039,713	288,844		4,328,557
Total fixed assets, net	\$5,206,411	\$2,112,274		\$7,318,685

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, 2022 and 2021 amounted to \$3,951,638 and \$3,842,521, 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, 2022**

**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:

	<u>2022</u>	<u>2021</u>
Raley's	\$1,753,835	
FEMA Grant		\$24,664
Chronicle - 2022/2023 Funding	455,050	
Gift Certificates	546,471	8,846
Pass Thru Grants - Feeding America		
NorCal Grocery Recovery Grant	968,478	
Other	<u>493,220</u>	
Total Deferred Revenue	<u>\$4,217,054</u>	<u>\$33,510</u>

**NOTE 10 – RENTAL INCOME**

The Food Bank rented one of its buildings at 4000 Nelson Avenue in Concord to a company under a noncancelable lease. 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, 2020. On October 1, 2020, the lease was terminated. During fiscal years ending June 30, 2022 and 2021, the Food Bank received \$0 and \$22,792 respectively, from this lease.

**NOTE 11 – INSURANCE COVERAGE**

The following insurance was in force at June 30, 2022:

<u>Coverage</u>	<u>Limit</u>	<u>Deductible</u>
Commercial:		
General Liability	\$2,000,000	\$0
Personal Property	1,472,159	9,000
Real Property	7,288,208	9,000
Automobile	1,000,000	0
Abuse or Molestation	300,000	0
Crime	50,000-100,000	1,000
Cyber Liability	1,000,000	25,000
Electronic Equipment	441,000	1,000
Special Floater	303,779	1,000
Earthquake	8,871,000	50,000
Directors & Officers	1,000,000	0-5,000
Employment Practice	1,000,000	10,000
Fiduciary Liability	1,000,000	0
Umbrella	5,000,000	10,000
Worker's Compensation	1,000,000 (per occurrence)	0

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**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:

- 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.



**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 12 – ENDOWMENTS (Continued)**

Changes in Endowment Net Assets for the fiscal year ended June 30, 2022 are as follows:

	<b>With Donor Restrictions Cherie Howard Endowment</b>	<b>With Donor Restrictions in Perpetuity Laurel Resources Endowment</b>	Without Donor Restrictions	Total
Beginning Balance at July 1, 2021	\$11,837	\$75,600	\$17,901,933	\$17,989,370
Dividends and realized gains	130	1,772	31,529	33,431
Unrealized gains and adjustments	(745)	(10,979)	(4,202)	(15,926)
Stock deposits and sales			408,006	408,006
Appropriation of endowment for expenditure	(962)	9,207	(8,245)	
Endowment net assets at June 30, 2022	<u>\$10,260</u>	<u>\$75,600</u>	<u>\$18,329,021</u>	<u>\$18,414,881</u>

**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 was to mature 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. As of June 30, 2022, the total amount of the loan has been forgiven and recognized as grant revenue.

**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 April 28, 2021, the lease was terminated, and the Food Bank received a credit of \$24,000 to be used for its new warehouse location.

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 commenced December 1, 2020 through February 28, 2031. No payment was required for the first three months. The monthly base rent of \$65,520 began on March 1, 2021, and increases 2.625% annually on December 1<sup>st</sup>. The Food Bank also pays monthly operating and common area maintenance fees, approximating \$16,640.

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

As of June 30, 2022, the Food Bank has noncancelable operating lease agreements for three vehicles and heavy equipment, and two copiers.

The lease expense under all leases was \$118,836 for the year ended June 30, 2022.

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

Year Ending June 30	Amount
2023	\$1,101,417
2024	1,071,425
2025	1,071,425
2026	1,085,136
Thereafter	4,181,695
	<u>\$8,511,098</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.

**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, 2022 and 2021, employer contributions to the plan were \$129,604 and \$113,193, respectively.

**FOOD BANK OF CONTRA COSTA AND SOLANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**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, 2022:

Total current financial assets:	
Cash and cash equivalents	\$21,517,232
Certificates of deposit	1,010,969
Mutual funds	85,860
Accounts receivable	<u>3,192,337</u>
Total current financial assets	25,806,398
Contractual or donor-imposed restrictions:	
Cherie Howard endowment	(10,260)
Laurel Resources endowment	<u>(75,600)</u>
Total contractual or donor-imposed restrictions	(85,860)
Board designated reserves:	
Building maintenance and enhancement	(100,000)
Disaster response	<u>(2,000,000)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><u>\$23,620,538</u></u>

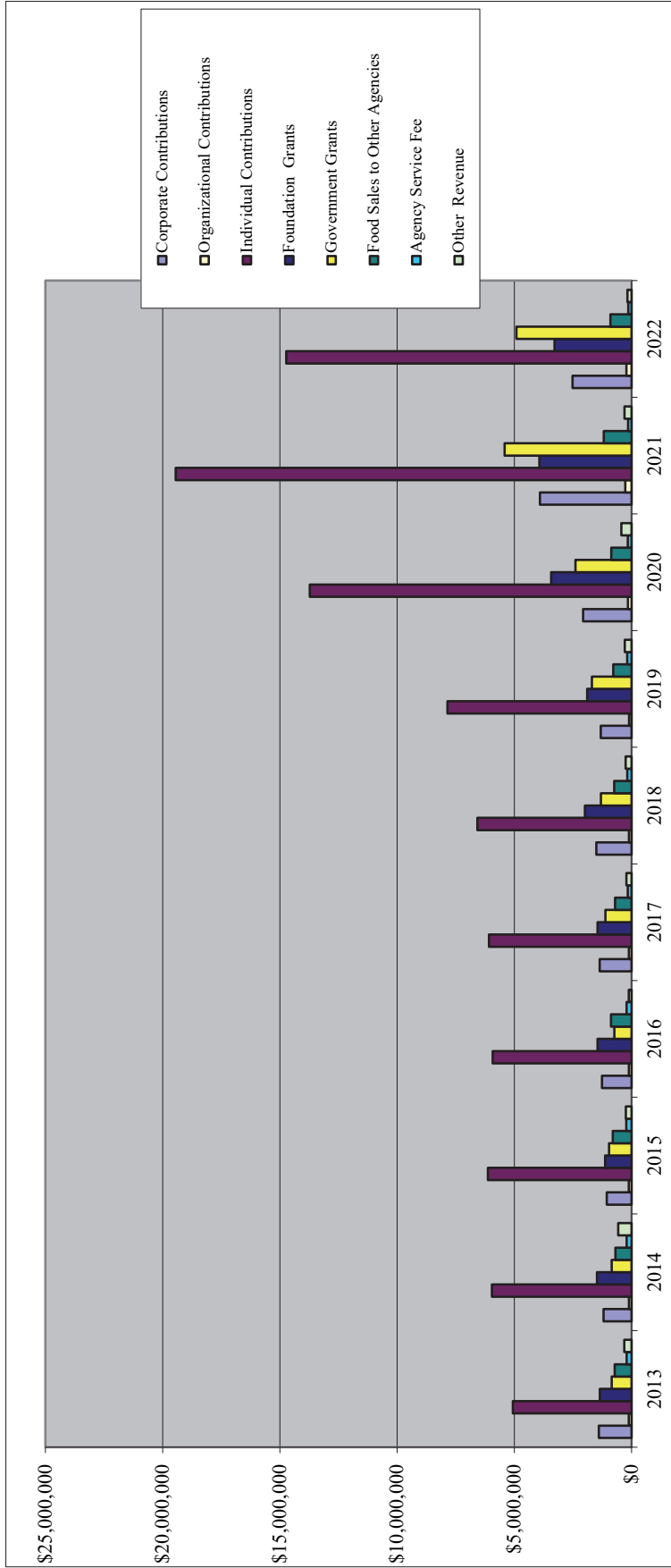
The Organization’s investment policy breaks the investment portfolio into two separate investment groups, including the operating and working capital/reserve funds which focuses on maintaining stability of value and liquidity, and the investment portfolio which focuses on achieving higher returns over the long-term by allocating a significant portion of the investment portfolio to mutual funds, exchange traded funds and money market funds.

The Board has established reserves of \$100,000 for building maintenance and enhancement, and \$2,000,000 for disaster response.

This Page Left Intentionally Blank

**SUPPLEMENTAL INFORMATION**

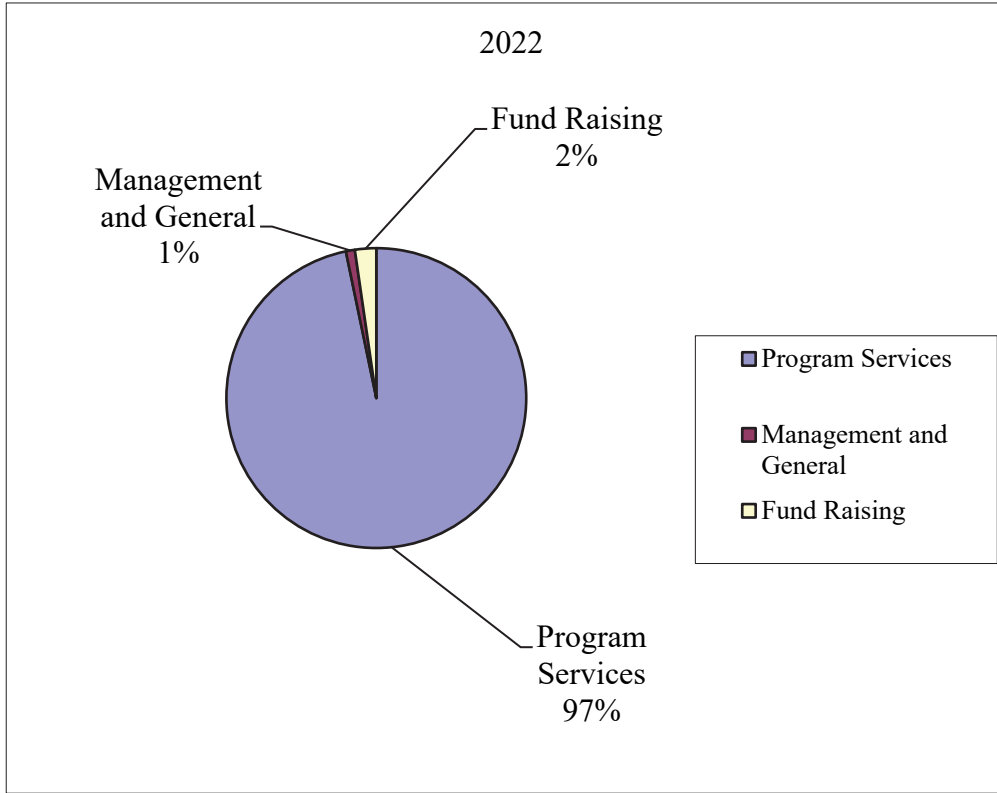
FOOD BANK OF CONTRA COSTA AND SOLANO  
SOURCES OF SUPPORT AND REVENUES  
(EXCLUSIVE OF DONATED FOOD)  
LAST TEN YEARS



Fiscal Year	Sources of Support and Revenues							Total
	Corporate Contributions	Organizational Contributions	Individual Contributions	Foundation Grants	Government Grants	Food Sales to Other Agencies	Agency Service Fee	
2013	\$1,396,351	\$119,431	\$5,064,337	\$1,351,176	\$847,702	\$719,211	\$213,414	\$10,021,923
2014	1,193,938	114,971	5,956,734	1,474,116	847,415	686,523	212,553	11,053,518
2015	1,055,823	118,949	6,126,553	1,127,282	959,420	801,990	228,407	10,664,471
2016	1,262,270	116,552	5,922,829	1,449,701	734,820	877,598	215,716	10,700,456
2017	1,359,237	117,997	6,081,946	1,449,373	1,116,184	701,482	164,180	11,212,307
2018	1,502,114	113,734	6,575,831	1,990,589	1,307,814	738,738	183,125	12,667,006
2019	1,313,931	108,216	7,851,818	1,893,347	1,690,723	778,401	188,269	14,114,285
2020	2,067,261	157,748	13,724,642	3,430,482	2,391,649	863,278	163,281	23,233,216
2021	3,909,139	269,174	19,443,293	3,932,109	5,416,705	1,183,757	152,398	34,607,784
2022	2,518,154	221,292	14,727,948	3,285,755	4,912,699	901,187	142,523	26,888,084

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

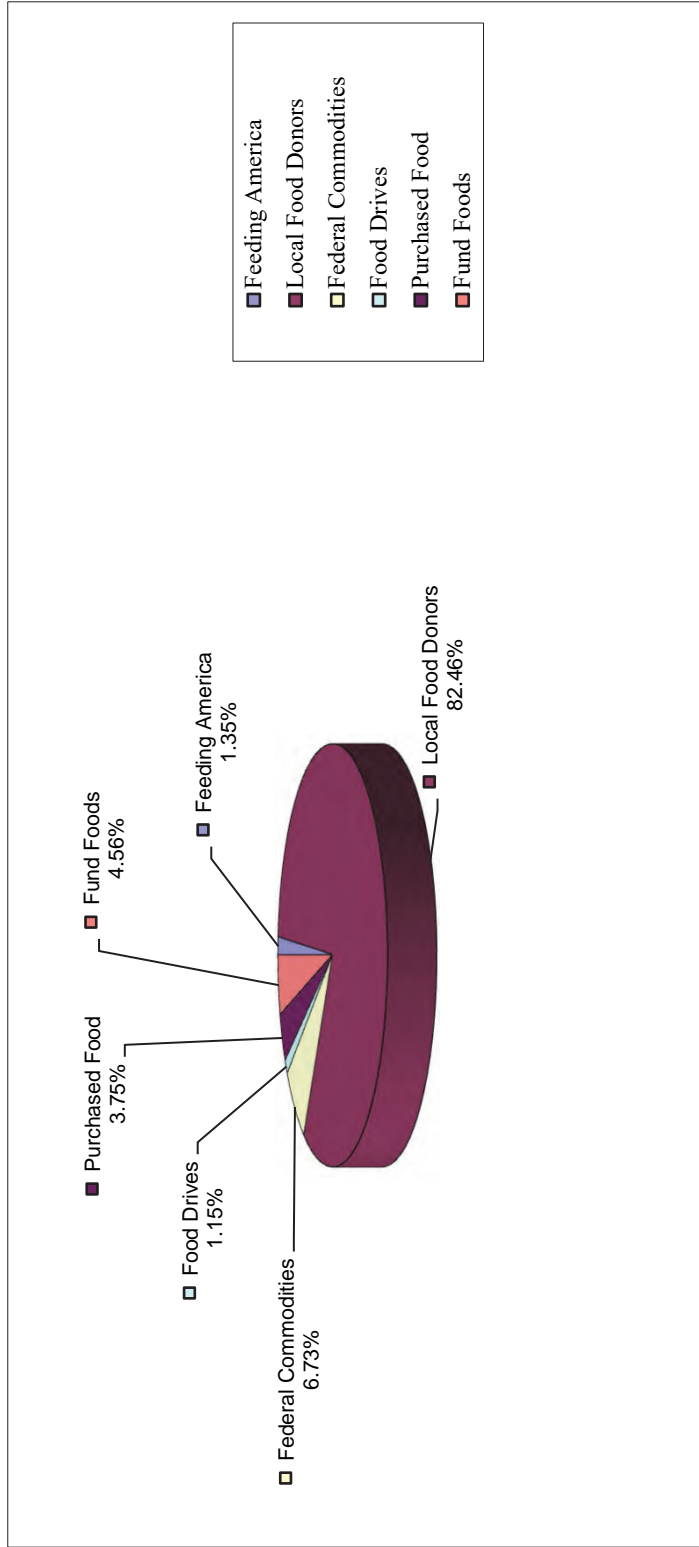
FOOD BANK OF CONTRA COSTA AND SOLANO  
 FUNCTIONAL EXPENSES  
 BY EXPENSE CATEGORY  
 LAST TEN YEARS



Year	Program Services	Management and General	Fund Raising	Total Functional Expenses
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
2021	108,927,206	1,033,581	2,559,711	112,520,498
2022	110,835,608	1,106,981	2,626,202	114,568,791

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, 2022



	Feeding America	Local Food Donors	Federal Commodities	Purchased Food	Fund Foods	Total
Pounds	758,032	46,351,734	3,785,143	2,108,183	2,561,140	56,211,079
Percentages	1.35%	82.46%	6.73%	3.75%	4.56%	100.00%

Source: Food Bank of Contra Costa and Solano

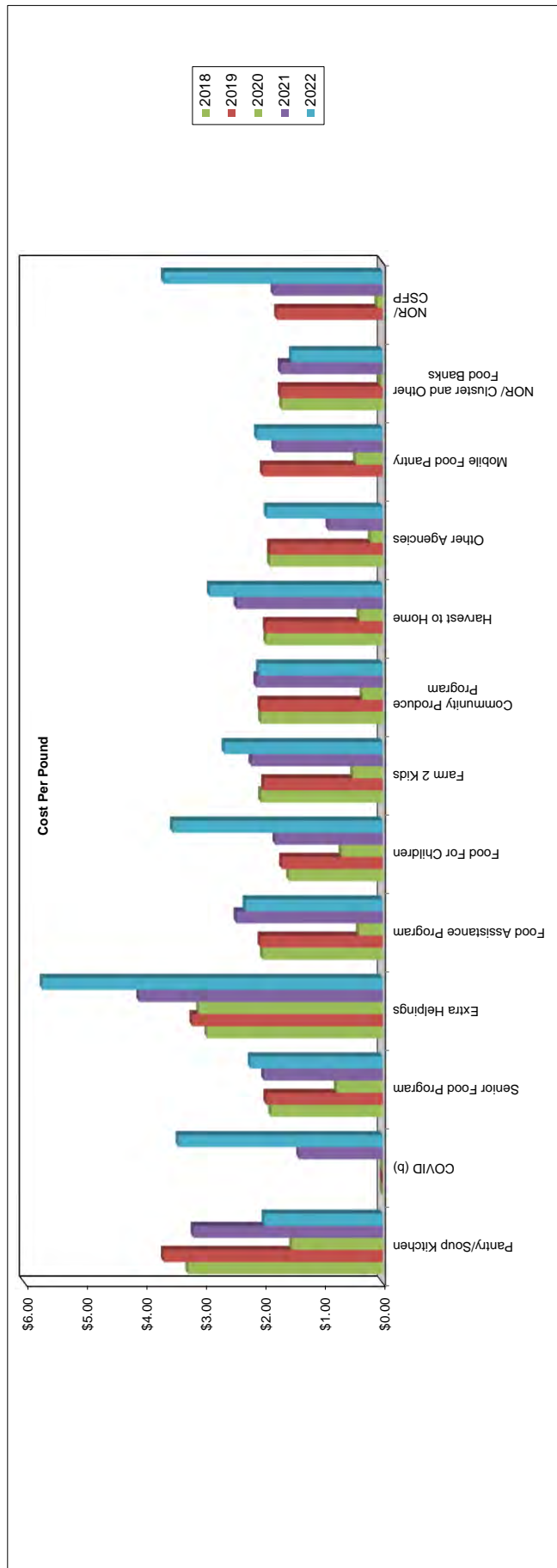


FOOD BANK OF CONTRA COSTA AND SOLANO  
 FOOD DISTRIBUTION  
 BY PROGRAM  
 IN POUNDS  
 YEAR ENDED JUNE 30, 2022



Source: Food Bank of Contra Costa and Solano  
 \*Includes Inter-member & Cluster Transfers

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



(a) Costs significantly effected by COVID-19 Pandemic  
(b) COVID classified as separate program in 2021

Source: Food Bank of Contra Costa and Solano