

**FOOD BANK OF
CONTRA COSTA AND SOLANO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021**

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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, 2021**

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FOOD BANK OF CONTRA COSTA AND SOLANO

BOARD OF DIRECTORS

JUNE 30, 2021

OFFICERS

Laura Moran, Chair
Tracy Tomkovicz, Vice Chair
David Le, Secretary-Treasurer

BOARD MEMBERS

Tom Chowaniec
Paul Gabbard
Rich Golinski
Jim Gray
Mark Gundacker
Melissa Jones
David Le
Marc Lewis
Teresa Makarewicz
Laura Moran
Bruce Phelps
Tanya Powell
Glenn P. Smith
Jill Steele
Tracy Tomkovicz

MANAGEMENT

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



CEO Audit Letter 2021

The continued impacts of COVID-19 extended the unprecedented levels of food insecurity in our communities again this year, resulting in new records for clients served and the amount of food distributed from our Food Bank.

Our dedicated staff was enabled to serve 80,000 - 100,000 additional clients every month since shelter in place because of the continued generosity of our volunteers and donors. Additionally, new COVID-19 government support programs provided new and significant sources of food to help meet the high level of need in our community.

Rapidly approaching my two-year anniversary as President and CEO, I could not be more proud of how our staff, volunteers and our community have stepped up to meet the significant 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.

Following a year of unprecedented and very generous support from our community, we anticipate a leveling of revenues above pre-pandemic levels, but a drop from the height of COVID-19 giving. As this audit reflects, we remain good stewards of the resources entrusted to us, and we are committed to long-term sustainability in partnership with our community serving our neighbors in need.

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

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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 25, 2021. In our opinion, the summarized comparative information as of and for the year ended June 30, 2020 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 October 21, 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
October 21, 2021

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FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 2C)	\$22,570,992	\$14,652,067
Investments without donor restrictions (Note 4):		
Certificates of deposit	1,010,089	1,009,274
Accounts receivable (Note 6)	752,072	587,897
Inventory (Note 7):		
Purchased	2,132,627	1,151,522
Donated	5,410,031	3,595,802
Prepaid expenses and deposits	306,351	22,945
Total Current Assets	32,182,162	21,019,507
Non Current Assets:		
Investments with donor restrictions (Note 4):		
Mutual funds	87,437	89,016
Rent and other deposits	149,223	90,659
Fixed assets, net of accumulated depreciation (Note 8)	5,206,411	3,262,768
Total Non Current Assets	5,443,071	3,442,443
Total Assets	\$37,625,233	\$24,461,950
LIABILITIES		
Current Liabilities:		
Accrued liabilities	\$1,901,400	\$889,741
Accrued vacation (Note 2H)	331,355	267,792
Deferred revenue (Note 9)	33,510	1,227,882
Loan payable (Note 13)	1,113,913	1,113,913
Total Current Liabilities	3,380,178	3,499,328
NET ASSETS (Note 2A)		
Without Donor Restrictions:		
Board reserved for:		
Building maintenance / enhancement	100,000	100,000
Disaster response	2,000,000	1,000,000
Designated for investment in property and equipment	5,206,411	3,262,768
Designated for inventory	7,542,658	4,747,324
Unreserved, undesignated	19,308,549	11,763,514
Total Without Donor Restrictions	34,157,618	20,873,606
With Donor Restrictions:		
Cherie Howard Endowment Fund (Note 12C)	11,837	13,416
With Donor Restrictions in Perpetuity:		
Laurel Resources Endowment Fund (Note 12C)	75,600	75,600
Total Net Assets	34,245,055	20,962,622
Total Liabilities and Net Assets	\$37,625,233	\$24,461,950

See accompanying notes to financial statements

FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions		With Donor Restrictions	With Donor Restrictions in Perpetuity	Totals	
	Operating Account	Property & Equipment Account			2021	2020
SUPPORT AND REVENUES (Note 2B)						
Support						
Contributions:						
Corporate	\$3,909,139				\$3,909,139	\$2,067,261
Organizational	269,174				269,174	157,748
Individual	19,443,293				19,443,293	13,724,642
Donated food (Note 3)	91,195,147				91,195,147	77,973,376
Grants:						
Foundation	3,932,109				3,932,109	3,430,482
Government	5,416,705				5,416,705	2,391,649
Total Support	<u>124,165,567</u>				<u>124,165,567</u>	<u>99,745,158</u>
Revenues						
Food sales to other agencies	1,183,757				1,183,757	863,278
Agency service fee	152,398				152,398	163,281
Investment earnings	51,932		\$223	\$2,576	54,731	45,560
Unrealized gains (losses)	282		191	17,407	17,880	(501)
Rental income (Note 10)	22,792				22,792	147,152
Miscellaneous	206,169		(363)		205,806	242,664
Total Revenues	<u>1,617,330</u>		<u>51</u>	<u>19,983</u>	<u>1,637,364</u>	<u>1,461,434</u>
Net assets released from restrictions:						
Satisfaction of usage restrictions	<u>21,613</u>		<u>(1,630)</u>	<u>(19,983)</u>		
Total Support and Revenues	<u>125,804,510</u>		<u>(1,579)</u>		<u>125,802,931</u>	<u>101,206,592</u>
EXPENSES						
Program services	108,431,944	\$495,262			108,927,206	88,663,900
Management and general expenses	1,025,683	7,898			1,033,581	1,580,847
Fund raising	2,542,556	17,155			2,559,711	2,014,011
Total Expenses	<u>112,000,183</u>	<u>520,315</u>			<u>112,520,498</u>	<u>92,258,758</u>
CHANGES IN NET ASSETS BEFORE EQUIPMENT PURCHASE TRANSFER	13,804,327	(520,315)	(1,579)		13,282,433	8,947,834
EQUIPMENT PURCHASE TRANSFER	<u>(2,463,958)</u>	<u>2,463,958</u>				
Changes in Net Assets	11,340,369	1,943,643	(1,579)		13,282,433	8,947,834
Net Assets at Beginning of Year	<u>17,610,838</u>	<u>3,262,768</u>	<u>13,416</u>	<u>75,600</u>	<u>20,962,622</u>	<u>12,014,788</u>
Net Assets at End of Year	<u>\$28,951,207</u>	<u>\$5,206,411</u>	<u>\$11,837</u>	<u>\$75,600</u>	<u>\$34,245,055</u>	<u>\$20,962,622</u>

See accompanying notes to financial statements

FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF FUNCTIONAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	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	\$19,636	\$60,840		\$118,328	\$83,988	\$36,052
Organizational						
Individual	305				110	25
Donated food	31,618,033	893,218	\$5,512,115	5,347,361	461,254	1,512,828
Grants:						
Foundation	278,091	368,505	22,800	136,811	19,656	16,750
Government	790,035	354,381	2,659,509	20,000	26,126	
Total Support	<u>32,706,100</u>	<u>1,676,944</u>	<u>8,194,424</u>	<u>5,622,500</u>	<u>591,134</u>	<u>1,565,655</u>
Revenues						
Food sales to other agencies	560,851			(1,759,543)		
Agency service fee	113,759			38,418		
Investment earnings						
Unrealized gains (losses)						
Rental income						
Discounts earned and other						
Total Revenues	<u>674,610</u>			<u>(1,721,125)</u>		
Total Support and Revenues	<u>33,380,710</u>	<u>1,676,944</u>	<u>8,194,424</u>	<u>3,901,375</u>	<u>591,134</u>	<u>1,565,655</u>
FUNCTIONAL EXPENSES						
Salaries and wages	1,048,006	267,597	495,372	387,366	111,162	203,364
Donated food	31,618,033	893,218	5,512,115	5,347,361	461,254	1,512,828
Food purchases	1,631,064	435,022	9,259	(1,614,555)	137,805	
Payroll taxes	88,534	22,778	42,122	33,837	9,432	18,070
Employee benefits	289,322	69,283	131,669	87,841	28,940	54,146
Other staffing expenses	60,747	14,260	16,498	13,814	3,746	7,200
Warehouse rental	242,299	18,656	42,614	44,738	8,865	17,442
Maintenance and repair	69,632	6,479	14,195	13,915	3,047	5,776
Insurance	8,384	2,271	4,301	3,089	1,031	1,713
Food acquisition expense	828,722	51,077	153,547	138,836	24,940	50,613
Telephone and utilities	33,423	7,763	14,901	11,092	3,536	5,947
Garbage removal	39,616	2,441	5,874	6,635	1,176	2,419
Equipment	89,219	10,608	22,200	20,107	4,928	8970.00
Dues and subscriptions	17,708	4,776	9,048	6,506	2,169	3,603
Fees and service charges	998	32	627	341	15	27
Printing and publications	2,062	1,146	637	353	806	129
Postage and shipping	1,084	270	160	859	46	64
Warehouse supplies	140,377	10,193	18,843	21,257	3,871	7,478
Professional services	103,277	28,501	50,231	37,736	11,473	21,032
Transportation	320,219	20,190	48,577	54,879	9,728	20,006
Special events and promotional expense	4,066	1,148	617	697	124	254
Property taxes						
Office supplies	12,306	2,340	4,457	3,657	1,122	1,775
Travel and conferences	30,110	2,635	3,261	8,058	660	1,242
Gift certificates distributed		34,200	22,800	35,950		
COVID costs	8,008	505	1,215	10,014	243	500
Miscellaneous	520,626			150,291		
Total Before Depreciation	<u>37,207,842</u>	<u>1,907,389</u>	<u>6,625,140</u>	<u>4,824,674</u>	<u>830,119</u>	<u>1,944,598</u>
Depreciation (Note 8)	235,688	16,736	42,130	32,320	6,073	15,320
Total Functional Expenses	<u>37,443,530</u>	<u>1,924,125</u>	<u>6,667,270</u>	<u>4,856,994</u>	<u>836,192</u>	<u>1,959,918</u>
CHANGES IN NET ASSETS	<u>(\$4,062,820)</u>	<u>(\$247,181)</u>	<u>\$1,527,154</u>	<u>(\$955,619)</u>	<u>(\$245,058)</u>	<u>(\$394,263)</u>

See accompanying notes to financial statements

	Program Services					Donated Food
	Extra Helpings	Cal Fresh	Harvest to Home	Community Produce	Education and Advocacy	
SUPPORT AND REVENUES						
Support						
Contributions:						
Corporate				\$41,508		
Organizational						
Individual				1,972		
Donated food	\$79,443		\$179,049	6,071,965		\$1,768,184
Grants:						
Foundation	42,865	\$259,000		80,500		
Government	176,590	262,518		16,500		
Total Support	298,898	521,518	179,049	6,212,445		1,768,184
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	298,898	521,518	179,049	6,212,445		1,768,184
FUNCTIONAL EXPENSES						
Salaries and wages	120,345	431,216	35,252	592,650	\$226,498	
Donated food	79,443		179,049	6,071,965		
Food purchases	103,278			53,394		
Payroll taxes	10,598	35,529	2,953	51,177	19,899	
Employee benefits	31,715	108,648	8,974	162,229	35,685	
Other staffing expenses	80,413	12,841	1,316	17,584	20,865	
Warehouse rental	3,723	9,174	3,405	66,923	4,020	
Maintenance and repair	1,749	5,684	1,126	21,520	2,490	
Insurance	1,117	4,741	331	5,625	2,077	
Food acquisition expense	5,572		9,906	200,906		
Telephone and utilities	3,667	16,202	1,151	19,799	6,990	
Garbage removal	266		473	9,602		
Equipment	3,651	14,278	1,742	32,265	6,224	
Dues and subscriptions	2,346	12,457	697	11,840	12,521	
Fees and service charges	11	40	5	98	18	
Printing and publications	14	11,759	25	5,856		
Postage and shipping	42	2,614	12	243	145	
Warehouse supplies	818		1,445	93,558		
Professional services	12,714	100,281	3,494	64,447	65,070	
Transportation	2,203		3,915	135,745		
Special events and promotional expense	28		50	1,008	21,197	
Property taxes						
Office supplies	1,100	5,595	342	5,946	2,106	
Travel and conferences	2,472	3,246	255	5,295	3,594	
Gift certificates distributed		69,000			3,497	
COVID costs	55		98	1,987		
Miscellaneous					3,407	
Total Before Depreciation	467,340	843,305	256,016	7,631,662	436,303	
Depreciation (Note 8)	5,058	13,595	2,033	66,323	6,021	
Total Functional Expenses	472,398	856,900	258,049	7,697,985	442,324	
CHANGES IN NET ASSETS	(\$173,500)	(\$335,382)	(\$79,000)	(\$1,485,540)	(\$442,324)	\$1,768,184

(Continued)

FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF FUNCTIONAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Total Program Services
	Mobile Food Pantry	NOR/Cluster and Other Food Banks	NOR/CSFP	COVID	
SUPPORT AND REVENUES					
Support					
Contributions:					
Corporate				\$1,020,563	\$1,380,915
Organizational				14,000	14,000
Individual				510,097	512,509
Donated food	\$783,457	\$23,331,738	\$2,360,354	11,276,148	91,195,147
Grants:					
Foundation				618,592	1,843,570
Government	185,226		200,493	647,966	5,339,344
Total Support	<u>968,683</u>	<u>23,331,738</u>	<u>2,560,847</u>	<u>14,087,366</u>	<u>100,285,485</u>
Revenues					
Food sales to other agencies		264,122		2,118,327	1,183,757
Agency service fee		221			152,398
Investment earnings					
Unrealized gains (losses)					
Rental income					
Discounts earned and other		59,873			59,873
Total Revenues		<u>324,216</u>		<u>2,118,327</u>	<u>1,396,028</u>
Total Support and Revenues	<u>968,683</u>	<u>23,655,954</u>	<u>2,560,847</u>	<u>16,205,693</u>	<u>101,681,513</u>
FUNCTIONAL EXPENSES					
Salaries and wages	93,928	356,605	70,294	(15,694)	4,423,961
Donated food	783,457	23,331,738	2,360,354	11,276,148	89,426,963
Food purchases	112,249	248,211		2,126,768	3,242,495
Payroll taxes	7,991	25,267	6,378	3,963	378,528
Employee benefits	23,882	79,741	9,113	7,699	1,128,887
Other staffing expenses	3,615	5,099	2,579	26,026	286,603
Warehouse rental	8,887	3,732	1,641	29,925	506,044
Maintenance and repair	2,922	2,309	1,015	7,889	159,748
Insurance	842	1,926	847		38,295
Food acquisition expense	26,003			107,262	1,597,384
Telephone and utilities	2,933	6,250	2,749	823	137,226
Garbage removal	1,243			5,126	74,871
Equipment	4,504	5,561	2,444	8,574	235,275
Dues and subscriptions	1,772	4,045	1,779	13	91,280
Fees and service charges	14	16	7	27	2,276
Printing and publications	66		324	273	23,450
Postage and shipping	31	200	39		5,809
Warehouse supplies	4,531	505	139	16,873	319,888
Professional services	9,872	23,236	7,783	2,527	541,674
Transportation	15,870	5,031		42,398	678,761
Special events and promotional expense	131			538	29,858
Property taxes					
Office supplies	924	1,874	823	270	44,637
Travel and conferences	638	997	2,338	2,691	67,492
Gift certificates distributed					165,447
COVID costs	257			4,069,567	4,092,449
Miscellaneous		5,981	52,338		732,643
Total Before Depreciation	<u>1,106,562</u>	<u>24,108,324</u>	<u>2,522,984</u>	<u>17,719,686</u>	<u>108,431,944</u>
Depreciation (Note 8)	9,454	22,505	9,276	12,730	495,262
Total Functional Expenses	<u>1,116,016</u>	<u>24,130,829</u>	<u>2,532,260</u>	<u>17,732,416</u>	<u>108,927,206</u>
CHANGES IN NET ASSETS	<u>(\$147,333)</u>	<u>(\$474,875)</u>	<u>\$28,587</u>	<u>(\$1,526,723)</u>	<u>(\$7,245,693)</u>

See accompanying notes to financial statements

	Supporting Services			Totals	
	Management and General	Fundraising	Total Supporting Services	2021	2020
SUPPORT AND REVENUES					
Support					
Contributions:					
Corporate	\$11,187	\$2,517,037	\$2,528,224	\$3,909,139	\$2,067,261
Organizational		255,174	255,174	269,174	157,748
Individual	16,650	18,914,134	18,930,784	19,443,293	13,724,642
Donated food				91,195,147	77,973,376
Grants:					
Foundation	(124,201)	2,212,740	2,088,539	3,932,109	3,430,482
Government	71,160	6,201	77,361	5,416,705	2,391,649
Total Support	<u>(25,204)</u>	<u>23,905,286</u>	<u>23,880,082</u>	<u>124,165,567</u>	<u>99,745,158</u>
Revenues					
Food sales to other agencies				1,183,757	863,278
Agency service fee				152,398	163,281
Investment earnings	54,731		54,731	54,731	45,560
Unrealized gains (losses)	17,880		17,880	17,880	(501)
Rental income	22,792		22,792	22,792	147,152
Discounts earned and other	141,370	4,563	145,933	205,806	242,664
Total Revenues	<u>236,773</u>	<u>4,563</u>	<u>241,336</u>	<u>1,637,364</u>	<u>1,461,434</u>
Total Support and Revenues	<u>211,569</u>	<u>23,909,849</u>	<u>24,121,418</u>	<u>125,802,931</u>	<u>101,206,592</u>
FUNCTIONAL EXPENSES					
Salaries and wages	573,810	756,731	1,330,541	5,754,502	5,020,534
Donated food				89,426,963	77,282,257
Food purchases				3,242,495	1,646,085
Payroll taxes	39,947	62,731	102,678	481,206	415,816
Employee benefits	75,629	104,538	180,167	1,309,054	1,096,842
Other staffing expenses	6,941	17,891	24,832	311,435	309,245
Warehouse rental	5,356	12,088	17,444	523,488	321,992
Maintenance and repair	3,318	7,493	10,811	170,559	110,772
Insurance	9,750	9,398	19,148	57,443	40,023
Food acquisition expense				1,597,384	1,502,190
Telephone and utilities	10,408	20,285	30,693	167,919	127,738
Garbage removal				74,871	60,223
Equipment	7,946	21,604	29,550	264,825	213,807
Dues and subscriptions	5,813	22,128	27,941	119,221	48,737
Fees and service charges	120,767	14,391	135,158	137,434	136,024
Printing and publications	120	716,604	716,724	740,174	734,564
Postage and shipping	579	27,696	28,275	34,084	26,796
Warehouse supplies		13	13	319,901	216,786
Professional services	102,185	431,354	533,539	1,075,213	783,510
Transportation				678,761	572,282
Special events and promotional expense		8,210	8,210	38,068	34,553
Property taxes	17,313		17,313	17,313	17,131
Office supplies	2,653	21,812	24,465	69,102	55,746
Travel and conferences	927	1,089	2,016	69,508	111,039
Gift certificates distributed	26,800	286,500	313,300	478,747	152,529
COVID costs	14,186		14,186	4,106,635	810,579
Miscellaneous	1,235		1,235	733,878	112,113
Total Before Depreciation	<u>1,025,683</u>	<u>2,542,556</u>	<u>3,568,239</u>	<u>112,000,183</u>	<u>91,959,913</u>
Depreciation (Note 8)	7,898	17,155	25,053	520,315	298,845
Total Functional Expenses	<u>1,033,581</u>	<u>2,559,711</u>	<u>3,593,292</u>	<u>112,520,498</u>	<u>92,258,758</u>
CHANGES IN NET ASSETS	<u>(\$822,012)</u>	<u>\$21,350,138</u>	<u>\$20,528,126</u>	<u>\$13,282,433</u>	<u>\$8,947,834</u>

FOOD BANK OF CONTRA COSTA AND SOLANO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	<u>\$13,282,433</u>	<u>\$8,947,834</u>
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	520,315	298,845
Loss on disposal of property and equipment	385,686	77,507
(Increase) in accounts receivables	(164,175)	(94,555)
(Increase) in inventory	(2,795,334)	(1,389,354)
(Increase) decrease in prepaid expenses	(283,406)	131,417
(Increase) in rent and other deposits	(58,564)	(11,474)
Increase in accrued liabilities	1,011,659	256,084
Increase in accrued vacation	63,563	5,191
(Decrease) increase in deferred revenue	(1,194,372)	510,501
Total Adjustments	<u>(2,514,628)</u>	<u>(215,838)</u>
Net Cash Provided by Operating Activities	<u>10,767,805</u>	<u>8,731,996</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Purchase of investments	(741,866)	
Proceeds from sale of investments	356,944	424
Purchase of property and equipment	(2,463,958)	(908,678)
Net Cash (Used) by Investing Activities	<u>(2,848,880)</u>	<u>(908,254)</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	7,918,925	8,937,655
Cash and cash equivalents, beginning of year	<u>14,652,067</u>	<u>5,714,412</u>
Cash and cash equivalents, end of year	<u><u>\$22,570,992</u></u>	<u><u>\$14,652,067</u></u>
Supplemental disclosure of cash flow information:		
No taxes or interest were paid by the Organization during 2021 or 2020.		
Donation of food - Noncash activity	<u>\$91,195,147</u>	<u>\$77,973,376</u>
Donation of Capital Assets - Noncash activity	<u>\$5,000</u>	

See accompanying notes to financial statements

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021

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.

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, 2021

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:

	2021	2020
Cash in bank	\$4,410,166	\$10,583,117
Money market	18,160,826	4,068,950
Total	\$22,570,992	\$14,652,067

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.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 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 \$1.74 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.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020, 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, 2021 or 2020.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 October 21, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021 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. 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, 2021 and 2020, 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 108,567 hours of their time in fiscal 2021 and 108,359 hours of their time in fiscal 2020 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, 2021

NOTE 4 – CASH AND INVESTMENTS

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

	2021	2020
<i>Investments</i>		
Without donor restrictions:		
Certificates of deposit	\$1,010,089	\$1,009,274
With donor restrictions:		
Mutual funds	87,437	89,016
Total investments	1,097,526	1,098,290
<i>Cash and cash equivalents</i>		
Total cash and investments	\$23,668,518	\$15,750,357

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, 2021 and 2020, 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, 2021, investments with donor restrictions include \$11,837 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, 2021, 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, 2021 or 2020.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – ACCOUNTS RECEIVABLE

Accounts receivables comprise the following at June 30:

Granting Agency	2021	2020
The Emergency Food Assistance Program	\$456,237	\$258,835
Department of Health Services	66,578	43,960
Contra Costa County	36,819	20,674
Solano County	32,688	84,008
Contra Costa County Health Services	32,187	32,224
Local Charitable Agencies	27,570	70,515
Contra Costa County Cal Fresh	22,500	22,456
Food Bank of Yolo County	14,780	6,593
Placer Food Bank	14,379	7,725
Napa Valley Food Bank	12,949	6,767
Sacramento Food Bank	9,576	8,904
City of Concord	4,627	4,364
Other	21,182	20,872
Total accounts receivable	<u>\$752,072</u>	<u>\$587,897</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:

	2021	2020
Food purchased with operating funds	\$1,377,837	\$1,083,205
Food purchased with grant funds	<u>754,790</u>	<u>68,317</u>
Total purchased inventory	<u>\$2,132,627</u>	<u>\$1,151,522</u>

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – INVENTORY (Continued)

Donated food was valued at \$1.74 per pound as determined by Feeding America, the national food bank network, for financial statement purposes, and includes the following at June 30:

	2021	2020
Donated food	\$5,361,175	\$3,591,415
Donated gift certificates	48,856	4,387
Total donated inventory	\$5,410,031	\$3,595,802

The NOR/Cluster Program pounds in inventory at June 30, 2021 and 2020 were 74,740 pounds and 33,779 pounds, respectively, valued at \$130,048 and \$54,722, respectively.

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

	2021			
	Donated & Government Pounds	Purchased Pounds	Total	2020, as reclassified
Food held for distribution, beginning of year	2,113,673	1,428,881	3,542,554	2,224,680
Food Received	60,677,673	7,891,571	68,569,244	50,028,138
Food Distributed	(59,151,310)	(7,567,607)	(66,718,917)	(48,329,654)
Unusable Product	(374,584)		(374,584)	(380,610)
Food held for distribution, end of year	3,265,452	1,752,845	5,018,297	3,542,554

The Food Distributed reported in the June 30, 2020 notes to financial statements included an additional 380,610 pounds in the Food Distributed category. The 2020 column above has been reclassified.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – FIXED ASSETS

Fixed assets balances and activity are summarized below for the year ended June 30, 2021:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Non-depreciable assets:				
Land	\$500,237			\$500,237
Construction in Progress		\$666,461		666,461
Total non-depreciable assets	<u>500,237</u>	<u>666,461</u>		<u>1,166,698</u>
Depreciable assets:				
Building and improvement	4,253,064	26,556		4,279,620
Leasehold improvement	376,501			376,501
Furniture and equipment	1,860,893	614,413	(\$4,064)	2,471,242
Computer hardware	61,238	244,834		306,072
Computer software	169,416	6,801		176,217
Warehouse equipment and vehicles	2,042,000	904,893	(125,750)	2,821,143
Total depreciable assets	<u>8,763,112</u>	<u>1,797,497</u>	<u>(129,814)</u>	<u>10,430,795</u>
Less accumulated depreciation	<u>(6,000,581)</u>	<u>(520,315)</u>	<u>129,814</u>	<u>(6,391,082)</u>
Total net depreciable assets	<u>2,762,531</u>	<u>1,277,182</u>		<u>4,039,713</u>
Total fixed assets, net	<u>\$3,262,768</u>	<u>\$1,943,643</u>		<u>\$5,206,411</u>

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, 2021 and 2020 amounted to \$3,842,521 and \$3,305,921, 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, 2021

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, 2021 and are expected to be recognized as revenue during the following fiscal year as expenditures are incurred:

	2021	2020
FEMA Grant	\$24,664	
Gift Certificates	8,846	\$4,377
COVID-19 Relief Funds		1,131,735
Pass Thru Grants - Campfire		91,770
Total Deferred Revenue	\$33,510	\$1,227,882

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, 2021 and 2020, the Food Bank received \$22,792 and \$147,152, respectively, from this lease.

NOTE 11 – INSURANCE COVERAGE

The following insurance was in force at June 30, 2021:

Coverage	Limit	Deductible
Commercial:		
General Liability	\$2,000,000	\$0
Personal Property	1,262,097	6,000
Real Property	6,175,892	6,000
Automobile	1,000,000	500-1,000
Abuse or Molestation	300,000	0
Crime	50,000-200,000	1,000
Cyber Liability	1,000,000	10,000
Electronic Equipment	478,500	1,000
Special Floater	303,779	1,000
Earthquake	6,778,534	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, 2021

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, 2021

NOTE 12 – ENDOWMENTS (Continued)

Changes in Endowment Net Assets for the fiscal year ended June 30, 2021 are as follows:

	<u>With Donor Restrictions</u>	<u>With Donor Restrictions in Perpetuity</u>	Without Donor	Total
	Cherie Howard Endowment	Laurel Resources Endowment	Restrictions	
Beginning Balance at July 1, 2020	\$13,416	\$75,600	\$3,810,831	\$3,899,847
Dividends and realized gains	223	2,576	3,000	5,799
Unrealized gains and adjustments	191	17,407	(2,439)	15,159
Stock deposits and sales	(363)		14,068,928	14,068,565
Appropriation of endowment for expenditure	(1,630)	(19,983)	21,613	
Endowment net assets at June 30, 2021	<u>\$11,837</u>	<u>\$75,600</u>	<u>\$17,901,933</u>	<u>\$17,989,370</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 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 is currently in process of applying for forgiveness of the loan.

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 1st. The Food Bank also pays monthly operating and common area maintenance fees, approximating \$16,640.

As of June 30, 2021, the Food Bank has noncancelable operating lease agreements for three vehicles and heavy equipment, and three copiers.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The lease expense under all leases was \$371,988 for the year ended June 30, 2021.

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

Year Ending June 30	Amount
2022	\$1,116,796
2023	1,120,481
2024	1,080,094
2025	1,070,268
2026	1,092,599
Thereafter	<u>4,181,695</u>
	<u><u>\$9,661,933</u></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, 2021 and 2020, employer contributions to the plan were \$113,193 and \$100,888, respectively.

FOOD BANK OF CONTRA COSTA AND SOLANO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 16 – LIQUIDITY AND AVAILABILITY OF RESOURCES

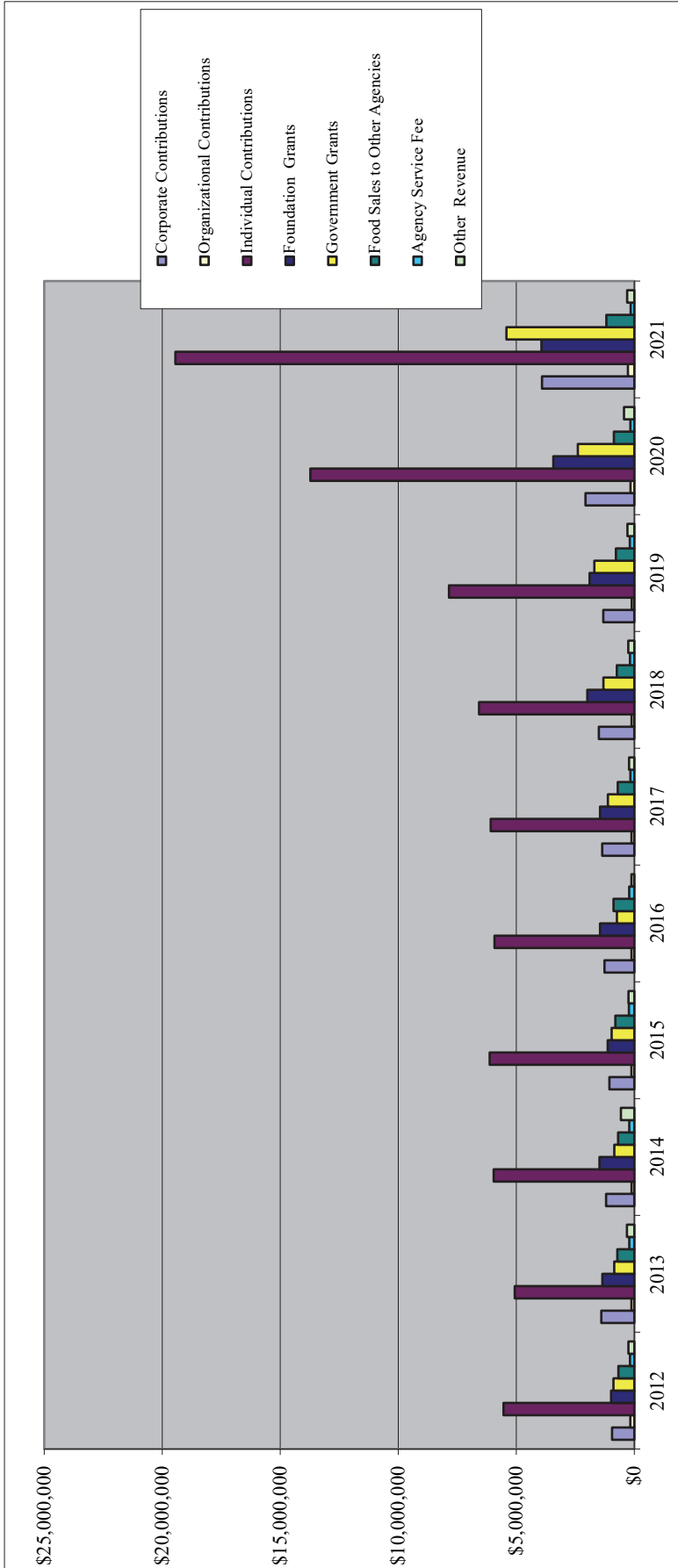
Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at June 30, 2021:

Total current financial assets:	
Cash and cash equivalents	\$22,570,992
Certificates of deposit	1,010,089
Mutual funds	87,437
Accounts receivable	<u>752,072</u>
Total current financial assets	24,420,590
Contractual or donor-imposed restrictions:	
Cherie Howard endowment	(11,837)
Laurel Resources endowment	<u>(75,600)</u>
Total contractual or donor-imposed restrictions	(87,437)
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>\$22,233,153</u></u>

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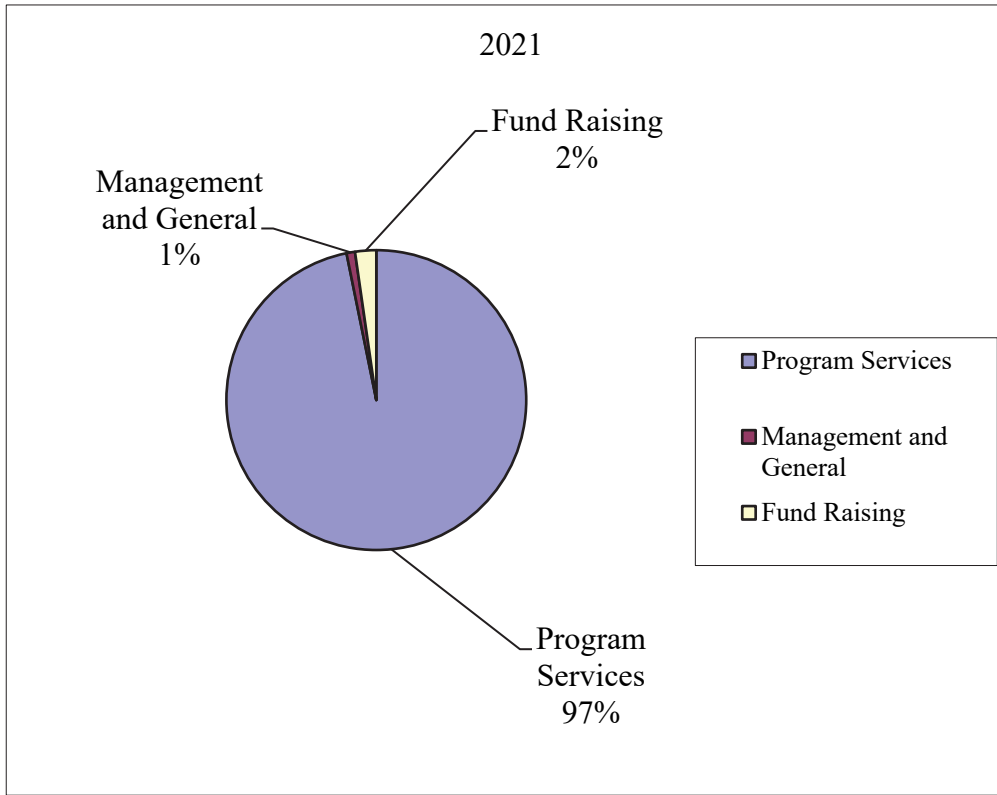
SUPPLEMENTAL INFORMATION

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.

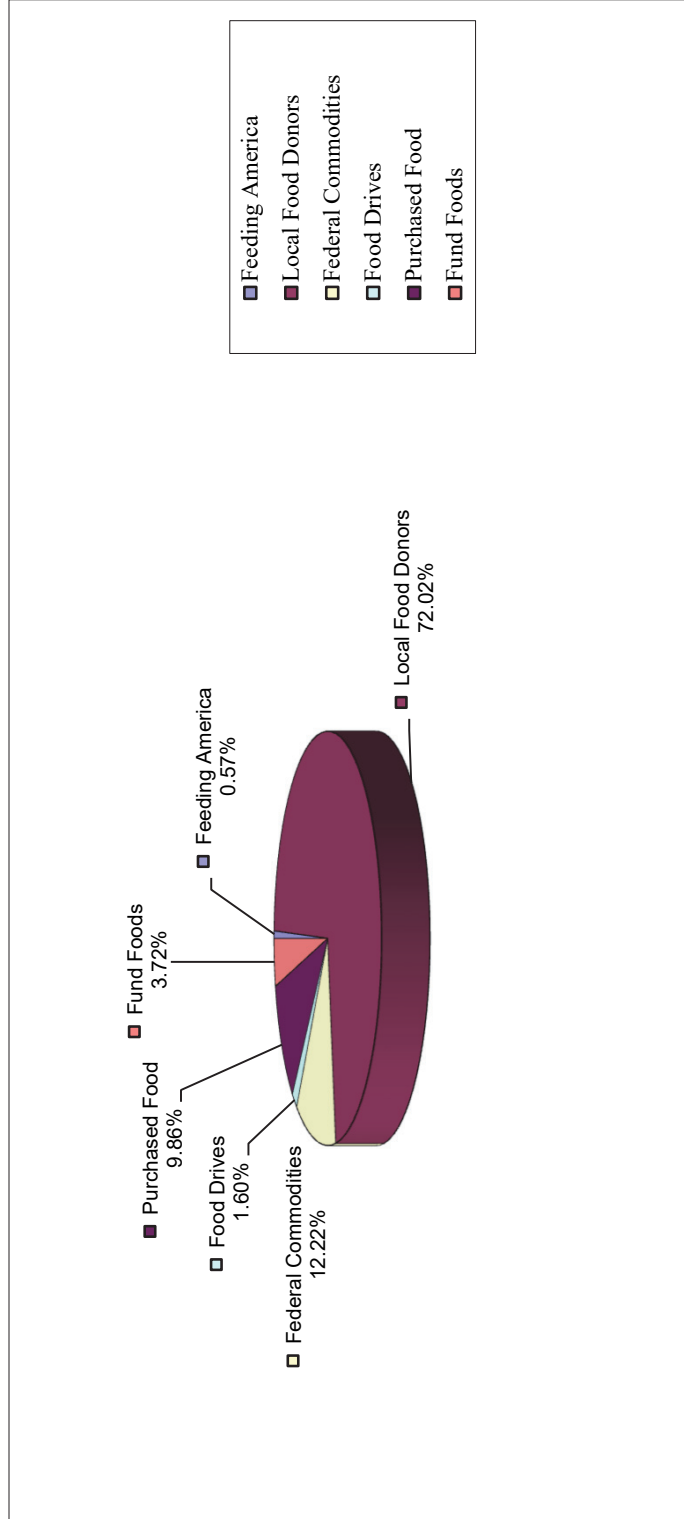
FOOD BANK OF CONTRA COSTA AND SOLANO
 FUNCTIONAL EXPENSES
 BY EXPENSE CATEGORY
 LAST TEN YEARS



<u>Year</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Functional Expenses</u>
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
2021	108,927,206	1,033,581	2,559,711	112,520,498

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

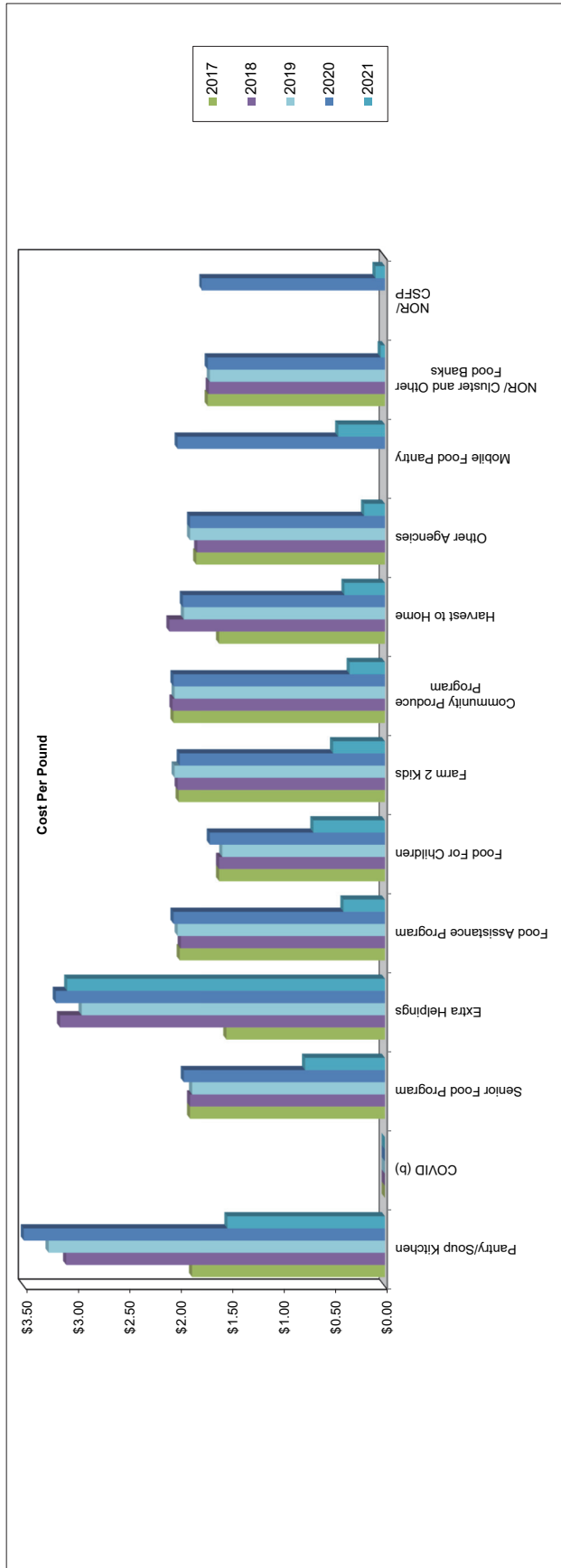
FOOD BANK OF CONTRA COSTA AND SOLANO
SOURCES OF FOOD
(IN POUNDS)
YEAR ENDED JUNE 30, 2021



	Feeding America	Local Food Donors	Federal Commodities	Food Drives	Purchased Food	Fund Foods	Total
Pounds	357,933	44,890,955	7,613,456	999,200	6,147,190	2,319,405	62,328,139
Percentages	0.57%	72.02%	12.22%	1.60%	9.86%	3.72%	100.00%

Source: Food Bank of Contra Costa and Solano

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



Year	Pantry/Soup Kitchen	COVID (b)	Senior Food Program	Extra Helpings	Food Assistance Program	Food For Children	Farm 2 Kids	Community Produce Program	Harvest to Home	Other Agencies	Mobile Food Pantry	NOR/ Cluster and Other Food Banks	NOR/ CSFP
2016	\$1.87	\$0.00	\$1.89	\$1.53	\$1.99	\$1.60	\$2.00	\$2.05	\$1.60	\$1.83	\$1.71	\$1.71	
2017	\$3.09	\$0.00	\$1.89	\$3.15	\$1.98	\$1.60	\$2.01	\$2.06	\$2.09	\$1.82	\$1.70	\$1.70	
2018	\$3.26	\$0.00	\$1.87	\$2.94	\$2.01	\$1.57	\$2.04	\$2.04	\$1.95	\$1.89	\$1.69	\$1.69	
2019	\$3.67	\$0.00	\$1.95	\$3.19	\$2.05	\$1.69	\$1.99	\$2.05	\$1.96	\$1.89	\$2.01	\$1.71	\$1.77
2020	\$1.52	\$0.00	\$0.77	\$3.08	\$0.40	\$0.69	\$0.50	\$0.34	\$0.39	\$0.20	\$0.45	\$0.04	\$0.09
2021	\$3.17	\$1.40	\$1.99	\$4.08	\$2.45	\$1.80	\$2.20	\$2.12	\$2.45	\$0.91	\$1.82	\$1.71	\$1.83

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

Source: Food Bank of Contra Costa and Solano