

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY  
(A Nonprofit Corporation)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Community Food Bank of San Benito County  
Hollister, California

We have audited the accompanying financial statements of the Community Food Bank of San Benito County (CFB), a nonprofit corporation, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Food Bank of San Benito County as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022, on our consideration of the Community Food Bank of San Benito County'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 the effectiveness of Community Food Bank of San Benito County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Food Bank of San Benito County's internal control over financial reporting and compliance.

*Bianchi, Kasavan & Pope, LLP*  
Salinas, California  
June 17, 2022

## **FINANCIAL STATEMENTS**

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2021 AND 2020**

	<b>ASSETS</b>	
	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,484,763	\$ 997,286
Pledges receivable - current - Note 4	125,000	150,000
Other receivables - Note 5	50,990	57,118
Food inventory - net	100,142	46,088
Food Bank store inventory	3,100	-
Prepaid expenses and other assets	72,084	20,530
<b>TOTAL CURRENT ASSETS</b>	<b>1,836,079</b>	<b>1,271,022</b>
<b>PROPERTY AND EQUIPMENT</b> - net - Note 6	<b>2,103,412</b>	<b>2,079,516</b>
<b>INTANGIBLE ASSET</b> - net	<b>3,917</b>	<b>4,917</b>
<b>BENEFICIAL INTEREST IN FUND HELD BY COMMUNITY FOUNDATION</b> - Note 7	<b>92,430</b>	<b>73,416</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,035,838</b>	<b>\$ 3,428,871</b>
<b>CURRENT LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 18,572	\$ 21,517
Accrued expenses	7,821	4,994
<b>TOTAL CURRENT LIABILITIES</b>	<b>26,393</b>	<b>26,511</b>
<b>NET ASSETS</b>		
Without donor restrictions	3,149,691	2,064,952
With donor restrictions - Note 11	859,754	1,337,408
<b>TOTAL NET ASSETS</b>	<b>4,009,445</b>	<b>3,402,360</b>
<b>TOTAL CURRENT LIABILITIES AND NET ASSETS</b>	<b>\$ 4,035,838</b>	<b>\$ 3,428,871</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
<b>Operating Support</b>						
Food donations	\$ 4,153,453	\$ -	\$ 4,153,453	\$ 1,740,837	\$ -	\$ 1,740,837
Other contributions	396,592	625	397,217	355,774	310	356,084
Foundations and other institutions	760,898	-	760,898	279,282	276,917	556,199
Government grants	506,005	-	506,005	303,703	-	303,703
Donated goods - thrift shop	-	-	-	-	-	-
In-kind contributions	40,372	-	40,372	42,936	-	42,936
Total Operating Support	5,857,320	625	5,857,945	2,722,532	277,227	2,999,759
<b>Revenue</b>						
Special events	2,300	-	2,300	1,950	-	1,950
Less: cost of direct expenses	(186)	-	(186)	(194)	-	(194)
Net special event revenue	2,114	-	2,114	1,756	-	1,756
Thrift shop	-	-	-	-	-	-
Sales to agencies	-	-	-	9,758	-	9,758
Investment income	19,749	-	19,749	5,537	-	5,537
Other income	45,749	-	45,749	35,123	-	35,123
Total Revenue	67,612	-	67,612	52,174	-	52,174
Total Support and Revenue	5,924,932	625	5,925,557	2,774,706	277,227	3,051,933
Net assets released from restrictions - Note 11	478,279	(478,279)	-	316,898	(316,898)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>6,403,211</b>	<b>(477,654)</b>	<b>5,925,557</b>	<b>3,091,604</b>	<b>(39,671)</b>	<b>3,051,933</b>

The accompanying notes are an integral part of these financial statements.



**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
Program services	\$ 5,226,299	\$ -	\$ 5,226,299	\$ 2,558,299	\$ -	\$ 2,558,299
Supporting services:						
Management and general	86,761	-	86,761	79,119	-	79,119
Fundraising	6,485	-	6,485	5,609	-	5,609
<b>Total Operating Expenses</b>	5,319,545	-	5,319,545	2,643,027	-	2,643,027
(Gain) on disposition of assets	(1,073)	-	(1,073)	-	-	-
<b>TOTAL EXPENSES</b>	5,318,472	-	5,318,472	2,643,027	-	2,643,027
<b>CHANGE IN NET ASSETS</b>	1,084,739	(477,654)	607,085	448,577	(39,671)	408,906
<b>NET ASSETS, BEGINNING OF YEAR</b>	2,064,952	1,337,408	3,402,360	1,616,375	1,377,079	2,993,454
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,149,691</u>	<u>\$ 859,754</u>	<u>\$ 4,009,445</u>	<u>\$ 2,064,952</u>	<u>\$ 1,337,408</u>	<u>\$ 3,402,360</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021				2020			
	Supporting Services			Total	Supporting Services			Total
	Program Services	Management & General	Fundraising		Program Services	Management & General	Fundraising	
Food distribution	\$ 4,270,950	\$ -	\$ -	\$ 4,270,950	\$ 1,822,356	\$ -	\$ -	\$ 1,822,356
Salaries and wages	388,081	43,605	4,360	436,046	331,658	37,265	3,727	372,650
Payroll taxes and benefits	101,540	11,409	1,141	114,090	71,170	7,997	800	79,967
Depreciation and amortization	98,068	10,895	-	108,963	79,970	8,885	-	88,855
Gift cards	100,600	-	-	100,600	-	-	-	-
Professional fees	53,390	5,932	-	59,322	77,826	8,647	-	86,473
Equipment maintenance	57,904	-	-	57,904	32,582	-	-	32,582
Thrift shop cost of sales	37,272	-	-	37,272	31,010	-	-	31,010
Miscellaneous	33,160	3,725	373	37,258	59,469	6,682	668	66,819
Supplies	29,438	3,308	331	33,077	13,333	1,498	150	14,981
Memberships and subscriptions	17,473	1,942	-	19,415	6,069	674	-	6,743
Utilities	13,488	1,516	152	15,156	13,515	1,519	152	15,186
Telephone	8,411	935	-	9,346	2,784	309	-	3,093
Insurance	6,486	729	73	7,288	5,060	569	57	5,686
Postage and shipping	3,794	426	43	4,263	4,425	497	50	4,972
Bank charges	3,497	389	-	3,886	3,100	344	-	3,444
Office expense	1,675	1,675	-	3,350	3,513	3,513	-	7,026
Rent - Note 8	1,072	121	12	1,205	459	52	5	516
Write-off uncollectible receivables	-	154	-	154	-	668	-	668
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 5,226,299</b>	<b>\$ 86,761</b>	<b>\$ 6,485</b>	<b>\$ 5,319,545</b>	<b>\$ 2,558,299</b>	<b>\$ 79,119</b>	<b>\$ 5,609</b>	<b>\$ 2,643,027</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 607,085	\$ 408,906
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Cash contributions restricted for beneficial interest in fund held by Community Foundation	(625)	(310)
Depreciation and amortization	108,963	88,855
In-kind contributions of food and non-food	4,193,825	1,783,773
Distribution of in-kind food and non-food	(4,245,730)	(1,805,024)
Other changes in value of beneficial interest in fund held by Community Foundation	(18,389)	(679)
Gain on disposition of assets	(1,072)	-
Write-off of uncollectible receivables	154	668
<b>(Increase) decrease in assets:</b>		
Pledges receivable	25,000	152,772
Other receivables	5,974	(31,456)
Purchased food inventory	(5,249)	(9,908)
Prepaid expenses	(50,554)	16,964
<b>Increase (decrease) in liabilities:</b>		
Accounts payable	(2,945)	11,163
Accrued expenses	2,827	(7,332)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>619,264</u>	<u>608,392</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of beneficial interest in fund held by Community Foundation	(625)	(310)
Purchase of intangible asset	-	(5,000)
Cash proceeds from the sale of property and equipment	2,256	-
Purchase of property and equipment	(134,043)	(58,958)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(132,412)</u>	<u>(64,268)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received restricted for beneficial interest in fund held by Community Foundation	625	310
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>625</u>	<u>310</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	487,477	544,434
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>997,286</u>	<u>452,852</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 1,484,763</u></u>	<u><u>\$ 997,286</u></u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**1. ORGANIZATION AND NATURE OF ACTIVITIES**

**Organization**

Community Food Bank of San Benito County (CFB), a nonprofit corporation, was established in 1989, as a pantry to provide food and services to San Benito residents in need, serving 35 families in its first year. CFB's mission is to provide food, nutritional education and advocacy for those in need within San Benito County, while pursuing the ultimate vision that no resident will suffer from hunger or malnutrition in San Benito County. CFB is a 501(c)(3) non-profit organization with eight full-time paid employees. Volunteer efforts significantly augment CFB's serving capacity by providing over 7,000 hours.

CFB serves 12,000 people per month through their food programs. Approximately 16% people served are seniors and 48% are children.

**2. PROGRAM SERVICES**

The CFB's direct service programs include food distribution and community education and outreach.

**Food Distribution Programs**

The Marketplace:

The Food Bank's Marketplace program offers customers a variety of fresh produce and groceries arranged in a market-style shopping experience.

Brown Bag Delivery:

Every week, a team of dedicated staff and volunteers come together to pack and deliver food bags to seniors and homebound individuals throughout the county.

Student Snack Bag Program:

To help some children make it through the weekends, when school cafeteria programs are not available, CFB fills bags with nutritious, child-friendly food for students to take home in their backpacks. With this help, they can come back to school on Monday feeling better and more ready to learn.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**2. PROGRAM SERVICES (Continued)**

**Food Distribution Programs (Continued)**

**Community Partnerships:**

CFB takes great pride in its partnerships with local organizations to promote a healthy community. Partners include local grocers, growers and packers for food, leading corporations, service organizations from scout groups to motorcycle clubs and other non-profits helping folks with essential needs in life.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of CFB have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

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

- Net assets without donor restriction: Net assets which are not subject to or are no longer subject to donor imposed stipulations.
- Net assets with donor restriction: The use of these net assets is limited by donor imposed time and/or purpose stipulations.

Contributions restricted by the donor are reported as increases in net assets without restriction if the restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction is satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restriction.

Expenses are reported as decreases in net assets without donor restriction. Gains and losses on assets are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor restriction or by law.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purpose of the statements of cash flows, the CFB considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash, certificate of deposit and money market funds.

**Pledges, Accounts and Grants Receivable**

The CFB considers all pledges, accounts and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

All pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an interest rate of 2.5% for years ending June 30, 2021 and 2020. Amortization of this discount is included in foundations and other institutions support in the accompanying statements of activities, if any.

**Inventory**

Inventory, consisting of food inventory and Food Bank store inventory, is stated at the lower of cost or market determined by the first-in, first-out method.

Food inventory is comprised of: 1) donated foods, 2) purchased food valued at cost and 3) Emergency Food Assistance Program (EFAP) food valued according to the USDA's determination of the commodities, fair market value. Donated food is valued at Feeding America's average value of \$1.74 and \$1.62 per pound for the year ended June 30, 2021 and 2020, respectively. The valuation is based on a cost study conducted by other outside professionals for the Second Harvest National Food Bank.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventory** (Continued)

Food Bank store inventory consists of donated household goods and clothing. The fair value of the Food Bank store inventory is calculated using the estimate resale value and is used to determine the cost of goods sold. Ending inventory is estimated at one month's average sales for the year.

**Intangible Assets**

Intangible assets are finite-lived assets that are acquired from a third party and are recorded at cost on their acquisition dates. Intangible assets consist of website redesign costs and will be amortized on a straight-line basis over the economic useful life of the asset of five years starting in fiscal year ending June 30, 2021. Amortization expense for years ending June 30, 2021 and 2020, was \$1,000 and \$83, respectively. Accumulated amortization as of June 30, 2021, was \$1,083.

**Property and Equipment**

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u><b>Years</b></u>
Furniture and fixtures	5 - 10
Auto and trucks	5 - 10
Leasehold improvements	3 - 10
Building and improvements	30

Normal repairs and maintenance are expensed as incurred whereas significant improvements, which materially increase values or extend useful lives, are capitalized and depreciated over the remaining estimated useful lives of the related assets.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in the Statements of Activities.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurements**

The CFB's financial instruments, including cash and cash equivalents, pledges, accounts and grants receivable, accounts payable and accrued expenses are carried at cost, which approximates their fair value because of the short-term maturity of these instruments.

The CFB applies fair value measurements of financial assets and liabilities that are recorded in accordance with generally accepted accounting principles. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the CFB has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value measurements on a recurring basis at June 30, 2021, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in fund held by Community Foundation	\$ -	\$ 92,430	\$ -

Fair value measurements on a recurring basis at June 30, 2020, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in fund held by Community Foundation	\$ -	\$ 73,416	\$ -



**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue from Contracts**

The CFB contracts with the U.S.D.A., State of California and local government agencies to distribute food to qualified individuals. Revenues from these cost-reimbursement contracts are reported as increases in net assets without donor restrictions when the contract performance obligations are satisfied. These revenues are based on cost reimbursement principles and are subject to audit and retrospective adjustment by the third-party reimbursement agencies. Management believes retroactive adjustment, if any, should not be material to the financial position or results of operations of the CFB.

The CFB recognizes contract revenue in the period the CFB meets the conditions for revenue recognition, namely as contract performance obligations are satisfied. Contract liabilities relate to receipts in advance of program performance obligations occurring in the next fiscal year.

**In-kind Contributions and Contributed Services**

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as contributions without donor restrictions unless explicit donor stipulations specify how donated assets must be used. The CFB recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Food contributions valued at \$4,153,453 and \$1,740,837 were received for the years ended June 30, 2021 and 2020, respectively. In addition, CFB received \$40,372 and \$42,936 in miscellaneous non-food in-kind contributions for years ended June 30, 2021 and 2020, respectively.

The CFB also receives contributed services that do not require specific expertise but which are central to the CFB's operations. While these contributed services are not reflected in the financial statements, the estimated value of these services is \$384,860 and \$148,040 for the years ended June 30, 2021 and 2020, respectively. These amounts equated to approximately 19,243 and 7,402 volunteer hours, contributed by approximately 319 and 430 volunteers, respectively.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Other Revenues**

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Allocation of Functional Expenses**

The CFB reports information regarding the expense of providing various programs and activities summarized on a functional basis in the accompanying statements of activities and the statement of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based on periodic time and expense studies.

**Tax-Exempt Status**

The CFB has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board under Code Sections 501(c)(3) and 23701(d), respectively. Certain types of income are considered unrelated business taxable income which is taxed at regular corporate income tax rates. The CFB had no unrelated business taxable income during the years ended June 30, 2021 and 2020.

Management evaluated the CFB's tax positions and concluded they took no uncertain tax positions requiring adjustment to the financial statements to comply with the provisions issued by the Financial Accounting Standards Board.

CFB files informational tax returns in the U.S. federal jurisdiction and state of California jurisdiction. CFB's 2017 through 2020 fiscal year tax returns are subject to examination by Federal taxing authorities and CFB's 2016 through 2020 fiscal year tax returns are subject to examination by California taxing authorities.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Concentrations**

At times, CFB holds deposits with financial institutions with a total balance greater than the Federal Deposit Insurance Corporation's maximum insurable at each institution. As of June 30, 2021 and 2020, CFB's uninsured cash balance totaled \$852,161 and \$593,023, respectively. CFB believes there is no significant risk with respect to these deposits.

About 67% and 76% of food donations were contributed from four donors for the years ended June 30, 2021 and 2020, respectively.

**New Accounting Pronouncement**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On July 1, 2020, the CFB adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of July 1, 2020, and the practical expedient was elected. The adoption of ASU 2014-09 did not have a material impact on these financial statements.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year financial statements presentation.

**Subsequent Events**

Subsequent events have been evaluated through June 17, 2022, which is the date the financial statements were available to be issued.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**4. PLEDGES RECEIVABLE**

Pledges receivable are due as follows at June 30:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Less than one year	\$ <u>125,000</u>	\$ <u>150,000</u>

**5. OTHER RECEIVABLES**

Other receivables consist of the following at June 30:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Government grants receivable	\$ 49,940	\$ 55,240
Other receivables	-	1,688
Contributions receivable	<u>1,050</u>	<u>190</u>
Total other receivables	<u>\$ 50,990</u>	<u>\$ 57,118</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Furniture and fixtures	\$ 88,370	\$ 38,460
Auto and trucks	294,961	199,370
Building and improvements	<u>1,859,854</u>	<u>1,859,854</u>
	2,243,185	2,097,684
Accumulated depreciation	(405,099)	(323,494)
Land	265,326	265,326
Mobile pantry in progress	<u>-</u>	<u>40,000</u>
Total property and equipment	<u>\$ 2,103,412</u>	<u>\$ 2,079,516</u>

Depreciation expense for the years ended June 30, 2021 and 2020, was \$107,963 and \$88,855, respectively.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**7. BENEFICIAL INTEREST IN FUND HELD BY COMMUNITY FOUNDATION**

On January 18, 2005, CFB contributed \$10,000 to the Community Foundation for San Benito County (Community Foundation) to establish an endowment fund. The CFB named itself as the beneficiary of the fund. The Community Foundation matched the original \$10,000 contribution when the endowment fund was opened.

CFB specified that the Community Foundation is to distribute the earnings to the CFB as it requests the funds. Assets are valued by the Community Foundation based on the performance of the underlying assets and are considered Level 2 measurements.

CFB opened the fund in order to facilitate contributions channeled through the Community Foundation for the benefit of the Community Food Bank of San Benito County. CFB granted variance power to Community Foundation, thus Community Foundation has full authority and discretion as to the investment and reinvestment of the assets of the fund. The value of the endowment fund at June 30, 2021 and 2020, totaled \$92,430 and \$73,416, respectively.

Administrative expenses charged to the CFB by Community Foundation were \$1,298 and \$1,275 for the years ended June 30, 2021 and 2020, respectively.

**8. OPERATING LEASES**

Total rent expense incurred for the years ended June 30, 2021 and 2020, totaled \$1,205 and \$516, respectively.

**9. FOOD BANK FACILITY IMPROVEMENTS**

During the year ended June 30, 2017, the CFB entered into an agreement with the City of Hollister in which the City of Hollister provided financial assistance totaling \$1,227,907, in the form of a forgivable loan, to be applied toward improvements of the food bank facility on real property owned by the CFB. The funding source for the City of Hollister's forgivable loan was a Community Development Block Grant (CDBG) from the Department of Housing and Community Development (HCD). The agreement is secured by the real property owned by the CFB.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**9. FOOD BANK FACILITY IMPROVEMENTS (Continued)**

The agreement has specific restrictions and covenants surrounding the acceptable use of the property and the terms of forgiveness depend upon adherence to the agreement. If CFB does not comply with the requirements, the remaining balance would be due and payable.

As management believes the conditions related to the forgivable loan have substantially been met and the CFB has the present intention and ability to maintain the conditions of forgiveness, the proceeds from this forgivable loan were ratably recognized as net assets with donor restrictions in the year ended June 30, 2017. The restrictions are released over the term of the forgivable loan, ten years, commencing at the completion date. On July 30, 2017, the food bank facility improvements were completed and placed into service. Amounts forgiven on the loan were \$122,791 in the years ended June 30, 2021 and 2020. Total amounts released as of June 30, 2021 and 2020 were \$491,164 and \$368,373, respectively.

**10. RETIREMENT PLAN**

The CFB maintains a tax deferred 403(b) retirement plan to provide retirement benefits for all eligible employees. The plan does not provide any contributions from the CFB, rather allows employees a vehicle to defer payroll amounts to self-directed accounts. CFB incurred no expenses related to the 403(b) plan in the years ended June 30, 2021 and 2020.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**11. RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u><b>2021</b></u>	<u><b>2020</b></u>
CDBG City of Hollister forgivable loan	\$ 736,744	\$ 859,535
Receivable for general operating support in future years	-	150,000
Beneficial interest in fund held by Community Foundation	48,010	47,385
Food Bank thrift store sustainability project	-	3,571
Backpack program	-	5,955
General operating support restricted for future years	75,000	150,000
Funds restricted for COVID-19 response	<u>-</u>	<u>120,962</u>
Total	<u><u>\$ 859,754</u></u>	<u><u>\$ 1,337,408</u></u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes during the years ended June 30, 2021 and 2020, were as follows:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Forgivable loan	\$ 122,791	\$ 122,791
Receivable for operating support	150,000	150,000
Program activities	84,526	44,107
COVID-19 response	<u>120,962</u>	<u>-</u>
Total	<u><u>\$ 478,279</u></u>	<u><u>\$ 316,898</u></u>

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the CFB's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 1,484,763	\$ 997,286
Pledges receivable	125,000	150,000
Other receivables	50,990	57,118
Beneficial interest in assets held by Community Foundation	<u>92,430</u>	<u>73,416</u>
Total financial assets	1,753,183	1,277,820
Less financial assets unavailable for general expenditure within one year due to the following:		
Beneficial interest in assets held by Community Foundation	<u>92,430</u>	<u>73,416</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 1,660,753</u>	<u>\$ 1,204,404</u>

The CFB has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.



## **SUPPLEMENTARY INFORMATION**

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**(A Nonprofit Corporation)**

**SCHEDULE OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture (USDA)</b>			
Passed through:			
State of California, Department of Social Services			
Emergency Food Assistance Program (Administrative Costs)	10.568	[1]	13,384
Emergency Food Assistance Program (FFCRA)	10.568	[1]	42,300
Emergency Food Assistance Program (CARES)	10.568	[1]	<u>35,933</u>
			91,617
Direct Program:			
Emergency Food Assistance Program (Food Commodities)	10.569	[1]	<u>440,639</u>
<b>Total USDA</b>			<u><u>532,256</u></u>
<b>U.S. Department of Treasury (USDT)</b>			
Passed through:			
State of California, Department of Social Services			
Coronavirus Relief Fund	21.019	[1]	<u>192,052</u>
<b>Total USDT</b>			<u><u>192,052</u></u>
<b>U.S. HOUSING AND URBAN DEVELOPMENT (USHUD)</b>			
Passed through:			
City of Hollister			
Community Development Block Grant	14.218	17-CDBG-12098	<u>84,240</u>
<b>Total USHUD</b>			<u><u>84,240</u></u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 808,548</u></u>

[1] Grant Identifying Number not available

The accompanying notes are an integral part of these financial statements.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**1. PURPOSE OF SCHEDULE**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of CFB and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. CFB has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Community Food Bank of San Benito County  
Hollister, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Food Bank of San Benito County (CFB), a nonprofit corporation, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2022.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered CFB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CFB's internal control. Accordingly, we do not express an opinion on the effectiveness of the CFB's internal control.

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*Bianchi, Kasavan & Pope, LLP*

Salinas, California  
June 17, 2022





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Community Food Bank of San Benito County  
Hollister, California

**Report on Compliance for Each Major Federal Program**

We have audited Community Food Bank of San Benito County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Food Bank of San Benito County (CFB), major federal programs for the year ended June 30, 2021. CFB's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

In our opinion, CFB complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

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

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

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



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

*Bianchi, Kasavan & Pope, LLP*

Salinas, California

June 17, 2022

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**

**SUMMARY OF AUDITOR'S RESULTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in Accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.568	Emergency Food Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

There were no financial statement findings reported in the current year.

**COMMUNITY FOOD BANK OF SAN BENITO COUNTY**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

There were no federal awards findings or questioned costs reported in the current year.