COMMUNITY FOODBANK OF SAN BENITO COUNTY
(A Nonprofit Corporation)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

COMMUNITY FOODBANK OF SAN BENITO COUNTY
(A Nonprofit Corporation)

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FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Community FoodBank of San Benito County (a nonprofit corporation) (CFB), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the CFB as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CFB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CFB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CFB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CFB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2025, on our consideration of CFB'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CFB'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 CFB's internal control over financial reporting and compliance.

Bianchi, Kasavan + Pope, LLP

Salinas, California
April 29, 2025

FINANCIAL STATEMENTS

COMMUNITY FOODBANK OF SAN BENITO COUNTY
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 559,255	$ 412,220
Pledges receivable - Note 4	-	200,000
Grants receivable - Note 5	122,359	359,009
Inventory - Note 6	124,331	130,620
Prepaid expenses and other assets	56,709	45,842
TOTAL CURRENT ASSETS	862,654	1,147,691
PROPERTY AND EQUIPMENT - net - Note 7	2,542,799	2,752,064
INVESTMENTS - Note 3 and 8	1,201,453	1,128,777
INTANGIBLE ASSET - net	917	1,917
BENEFICIAL INTEREST IN FUND HELD BY COMMUNITY FOUNDATION - Note 9	100,642	90,562
TOTAL ASSETS	$ 4,708,465	$ 5,121,011

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable	$ 36,349	$ 178,784
Accrued expenses	10,329	14,937
TOTAL CURRENT LIABILITIES	46,678	193,721
NET ASSETS		
Without donor restrictions	4,238,088	4,306,950
With donor restrictions - Note 13	423,699	620,340
TOTAL NET ASSETS	4,661,787	4,927,290
TOTAL LIABILITIES AND NET ASSETS	$ 4,708,465	$ 5,121,011

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

COMMUNITY FOODBANK OF SAN BENITO COUNTY
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Operating Support						
Food donations	$ 4,989,339	$ -	$ 4,989,339	$ 4,568,053	$ -	$ 4,568,053
Other contributions	448,698	1,150	449,848	362,729	1,455	364,184
Foundations and other institutions	307,136	-	307,136	512,627	75,000	587,627
Government grants	810,244	-	810,244	819,832	-	819,832
Donated goods - thrift shop	89,717	-	89,717	76,111	-	76,111
In-kind contributions	32,774	-	32,774	991	-	991
Total Operating Support	6,677,908	1,150	6,679,058	6,340,343	76,455	6,416,798
Revenue						
Thrift shop	88,413	-	88,413	80,586	-	80,586
Investment income - net	91,763	-	91,763	48,277	-	48,277
Other income	93,347	-	93,347	48,641	-	48,641
Total Revenue	273,523	-	273,523	177,504	-	177,504
Total Support and Revenue	6,951,431	1,150	6,952,581	6,517,847	76,455	6,594,302
Net assets released from restrictions - Note 13	197,791	(197,791)	-	122,791	(122,791)	-
TOTAL SUPPORT AND REVENUE	$ 7,149,222	$ (196,641)	$ 6,952,581	$ 6,640,638	$ (46,336)	$ 6,594,302

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

COMMUNITY FOODBANK OF SAN BENITO COUNTY
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
Operating Expenses						
Program services	$ 7,048,621	$ -	$ 7,048,621	$ 6,233,276	$ -	$ 6,233,276
Supporting services:						
Management and general	153,868	-	153,868	125,505	-	125,505
Fundraising	15,595	-	15,595	9,536	-	9,536
Total Operating Expenses	7,218,084	-	7,218,084	6,368,317	-	6,368,317
CHANGE IN NET ASSETS	(68,862)	(196,641)	(265,503)	272,321	(46,336)	225,985
NET ASSETS, BEGINNING OF YEAR	4,306,950	620,340	4,927,290	4,034,629	666,676	4,701,305
NET ASSETS, END OF YEAR	$ 4,238,088	$ 423,699	$ 4,661,787	$ 4,306,950	$ 620,340	$ 4,927,290

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

COMMUNITY FOODBANK OF SAN BENITO COUNTY
(A Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
		Supporting Services				Supporting Services		
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Food distribution	$ 5,511,368	$ -	$ -	$ 5,511,368	$ 4,923,530	$ -	$ -	$ 4,923,530
Salaries and wages	630,673	70,862	7,086	708,621	537,484	60,392	6,039	603,915
Depreciation and amortization	240,053	26,673	-	266,726	168,340	18,704	-	187,044
Miscellaneous	161,156	18,107	1,811	181,074	72,128	8,104	810	81,042
Payroll taxes and benefits	121,469	13,648	1,365	136,482	134,049	15,062	1,506	150,617
Equipment maintenance	100,801	-	-	100,801	85,803	-	-	85,803
Thrift shop cost of sales	88,413	-	-	88,413	80,586	-	-	80,586
Professional fees	58,728	6,525	-	65,253	42,122	4,680	-	46,802
Memberships and subscriptions	30,538	3,393	-	33,931	24,335	2,704	-	27,039
Supplies	27,235	3,060	306	30,601	28,795	3,235	324	32,354
Rent - Note 8	19,335	2,172	217	21,724	32,171	3,615	361	36,147
Utilities	18,233	2,049	205	20,487	33,263	3,738	374	37,375
Gift cards	12,850	-	-	12,850	45,937	-	-	45,937
Postage and shipping	5,516	1,115	4,519	11,150	3,884	436	44	4,364
Insurance	7,632	858	86	8,576	6,903	776	78	7,757
Telephone	7,587	843	-	8,430	8,201	911	-	9,112
Office expense	3,748	3,748	-	7,496	2,822	2,823	-	5,645
Bank charges	3,286	365	-	3,651	2,923	325	-	3,248
Write-off uncollectible receivables	-	450	-	450	-	-	-	-
TOTAL FUNCTIONAL EXPENSES	$ 7,048,621	$ 153,868	$ 15,595	$ 7,218,084	$ 6,233,276	$ 125,505	$ 9,536	$ 6,368,317

COMMUNITY FOODBANK OF SAN BENITO COUNTY
(A Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (265,503)	$ 225,985
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Cash contributions restricted for beneficial interest in fund held by Community Foundation	(1,150)	(1,445)
Depreciation and amortization	266,726	187,044
Net realized/unrealized (gain)/loss on investments	(35,909)	(18,078)
Change in present value of discount on pledges	-	(7,228)
In-kind contributions of food and non-food	5,111,830	4,645,155
Distribution of in-kind food and non-food	(5,113,134)	(4,558,092)
Other changes in value of beneficial interest in fund held by Community Foundation	(10,080)	(8,026)
(Increase) decrease in assets:		
Pledges receivable	200,000	100,000
Other receivables	236,650	(224,600)
Purchased food inventory	7,593	(1,880)
Prepaid expenses and other assets	(10,867)	35,448
Increase (decrease) in liabilities:		
Accounts payable	(142,435)	61,666
Accrued expenses	(4,608)	1,412
NET CASH PROVIDED BY OPERATING ACTIVITIES	239,113	437,361
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(67,653)	(315,564)
Cash proceeds from the sale of investments	30,886	101,880
Purchase of property and equipment	(56,461)	(680,388)
NET CASH USED IN INVESTING ACTIVITIES	(93,228)	(894,072)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received restricted for beneficial interest in fund held by Community Foundation	1,150	1,445
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,150	1,445
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	147,035	(455,266)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	412,220	867,486
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 559,255	$ 412,220

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

1. ORGANIZATION AND NATURE OF ACTIVITIES

Organization

Community FoodBank 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 eleven full-time paid employees. Volunteer efforts significantly augment CFB's serving capacity by providing over 15,000 hours.

CFB serves 13,500 people per month through their food programs. Approximately 14% people served are seniors and 25% 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 FoodBank's Marketplace program offers customers a variety of fresh produce and groceries arranged in a market-style shopping experience.

Mobile Pantry:
Community Foodbank operates a mobile pantry Monday through Thursday at sites a day within the City of Hollister. Customers can choose products in a mobile pantry-style marketplace.

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.

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.

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. There were no discounts applied to the balances for the years ending June 30, 2024 or 2023.

Inventory

Inventory, consisting of food inventory and CFB 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 $1.97 and $1.93 per pound for the year ended June 30, 2024 and 2023, respectively. The valuation is based on a cost study conducted by other outside professionals for the Second Harvest National Food Bank.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory (Continued)

CFB store inventory consists of donated household goods and clothing. The fair value of the CFB store inventory is calculated using the estimated 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, 2020. Amortization expense for years ending June 30, 2024 and 2023, was $1,000. Accumulated amortization as of June 30, 2024, was $4,083.

Investment Valuation and Investment Income Recognition

CFB carries investments in marketable securities with readily determined fair values and all investments in debt securities at their fair values in the statement of financial position. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on investments are recognized upon the sale of the related investments. Unrealized gains and losses are recognized at month end when the carrying values of the related investments are adjusted to their estimated fair market value and are included in the change in net assets. Purchases and sales of securities are reflected on a trade-date basis.

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:

	Years
Furniture and fixtures	5 - 10
Auto and trucks	5 - 10
Leasehold improvements	3 - 10
Building and improvements	30

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Fair value measurements on a recurring basis at June 30, 2024, are as follows:

	Level 1	Level 2	Level 3
Beneficial interest in fund held by Community Foundation	$ -	$ 100,642	$ -
Money Market	38	-	-
Stocks, bonds and mutual funds	1,201,453	-	-
	$ 1,201,491	$ 100,642	$ -

Fair value measurements on a recurring basis at June 30, 2023, are as follows:

	Level 1	Level 2	Level 3
Beneficial interest in fund held by Community Foundation	$ -	$ 90,562	$ -
Money Market	109	-	-
Stocks, bonds and mutual funds	1,128,777	-	-
	$ 1,128,886	$ 90,562	$ -

Revenue from Contracts

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.

CFB recognizes contract revenue in the period that 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 $4,989,339 and $4,568,053 were received for the years ended June 30, 2024 and 2023, respectively. In addition, CFB received $32,774 and $991 in miscellaneous non-food in-kind contributions for years ended June 30, 2024 and 2023, respectively.

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 $365,263 and $231,950 for the years ended June 30, 2024 and 2023, respectively. These amounts equated to approximately 15,881 and 11,045 volunteer hours, contributed by approximately 701 and 314 volunteers, respectively.

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax-Exempt Status

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. CFB had no unrelated business taxable income during the years ended June 30, 2024 and 2023.

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 2021 through 2023 fiscal year tax returns are subject to examination by Federal taxing authorities and CFB's 2020 through 2023 fiscal year tax returns are subject to examination by California taxing authorities.

Concentrations

At times, CFB maintains deposits and investments in financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) insured amounts. The FDIC insures accounts up to $250,000 and the SIPC insures accounts up to $500,000 per account holder. Financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents and marketable securities. At June 30, 2024 and 2023, the total deposit and investment balances exceeded the FDIC and SIPC limits by $1,015,012 and $786,265 respectively. CFB has not experienced any losses in such accounts and believes it was not exposed to any significant credit risk on cash and cash equivalents.

CFB's investments are exposed to various risks, such as fluctuations in the market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near future and such changes could materially affect the amounts reported in the statement of activities.

About 47% and 51% of food donations were contributed from four donors for the years ended June 30, 2024 and 2023, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

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

Adoption of New Accounting Standard

In June 2016, the FASB issued ASU 2016-13, Financial Credit Losses (Topic 326), which changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected credit loss model which is based on an estimate of current expected credit loss (CECL). CFB adopted the provisions of ASU 2016-13 on July 1, 2023, and this adoption did not have a material impact on the financial statements.

Subsequent Events

Subsequent events have been evaluated through April 29, 2025, which is the date the financial statements were available to be issued.

4. PLEDGES RECEIVABLE

There were no pledges receivable as of June 30, 2024. Pledges receivable as of June 30, 2023 was $200,000, and were all due in less than one year.

5. GRANTS RECEIVABLE

Grants receivable as of June 30, 2024 and 2023 were $122,359 and $359,009, respectively, and were all due in less than one year.

6. INVENTORY

Inventory consist of the following at June 30:

	2024	2023
Food inventory	$ 109,596	$ 117,189
Thrift store inventory	14,735	13,431
Total inventory	$ 124,331	$ 130,620

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2024	2023
Furniture and fixtures	$ 742,080	$ 701,924
Auto and trucks	666,776	490,954
Building and improvements	1,858,399	1,858,399
	3,267,255	3,051,277
Accumulated depreciation	(989,782)	(724,056)
Land	265,326	265,326
Building in progress	-	159,517
Total property and equipment	$ 2,542,799	$ 2,752,064

Depreciation expense for the years ended June 30, 2024 and 2023, was $265,726 and $186,044, respectively.

8. INVESTMENTS

Investments are managed by outside managers under the direction and oversight of Management and the Finance Committee of the Board of Directors. The Finance Committee determines the asset allocation formula and places limitations on the types of investments the managers may purchase.

All investments are held in mutual funds and are stated at fair value based on quoted market prices. These investments are considered level 1 assets in the fair value hierarchy as of June 30, 2024 and 2023.

Investment advisory fees totaled $8,800 and $8,384 for the years ended June 30, 2024 and 2023, respectively, and are included in investment income, net, in the accompanying Statements of Activities.

9. BENEFICIAL INTEREST IN FUND HELD BY THE 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. CFB named itself as the beneficiary of the fund. The Community Foundation matched the original $10,000 contribution when the endowment fund was opened.

9. BENEFICIAL INTEREST IN FUND HELD BY THE COMMUNITY FOUNDATION (Continued)

On March 10, 2023, CFB contributed $500 to the Community Foundation to establish a Neighbor Helping Neighbors (NHN) fund. On April 28, 2023, CFB contributed an additional $180 to the NHN fund. CFB named itself as the beneficiary of the fund.

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 CFB. 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 NHN and endowment fund at June 30, 2024 and 2023, totaled $100,642 and $90,562, respectively.

Administrative expenses charged to CFB by the Community Foundation were $1,347 and $1,456 for the years ended June 30, 2024 and 2023, respectively.

10. OPERATING LEASES

CFB leased warehouse space to store food products under an operating lease expiring June 30, 2024. The right-of-use asset related to this operating lease is is fully amortized as of the year ending June 30, 2024.

CFB entered into a new lease agreement for warehouse space, commencing on July 1, 2024 and expiring on June 30, 2029. CFB has prepaid $20,400 in rent relating to this lease. The right-of-use asset for this lease will be recorded subsequent to year end.

Total rent expense incurred for the years ended June 30, 2024 and 2023, totaled $21,724 and $36,147, respectively.

11. FOOD BANK FACILITY IMPROVEMENTS

During the year ended June 30, 2017, 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.

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, 2024 and 2023. Total amounts released as of June 30, 2024 and 2023, were $859,535 and $736,744, respectively.

12. RETIREMENT PLAN

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 during the years ended June 30, 2024 and 2023.

13. RESTRICTIONS ON NET ASSETS

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

	2024	2023
CDBG City of Hollister forgivable loan	$ 368,371	$ 491,162
Beneficial interest in fund held by Community Foundation	55,328	54,178
General operating support restricted for future years	-	75,000
Total	$ 423,699	$ 620,340

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes during the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Forgivable loan	$ 122,791	$ 122,791
General operating support restricted for future years	75,000	-
Total	$ 197,791	$ 122,791

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the CFB's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year.

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 559,255	$ 412,220
Pledges receivable	-	200,000
Other receivables	122,359	359,009
Investments	1,201,453	1,128,777
Beneficial interest in assets held by Community Foundation	100,642	90,562
Total financial assets	1,983,709	2,190,568
Less financial assets unavailable for general expenditure within one year:		
Beneficial interest in assets held by Community Foundation	55,328	54,178
Financial assets available to meet cash needs for expenditures within one year	$ 1,928,381	$ 2,136,390

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 EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grant Identifying Number	Federal Expenditures
U.S. Department of Agriculture (USDA)			
Passed-Through:			
State of California, Department of Social Services			
Emergency Food Assistance Program (Administrative Costs)	10.568	[1]	$ 146,898
Emergency Food Assistance Program (Food Commodities)	10.569	[1]	480,064
Total Food Distribution Cluster			626,962
Passed-Through:			
California Association of Food Banks			
Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes and Local Governments (LFPA)	10.182	[1]	166,607
Total USDA			793,569
U.S. Department of Homeland Security (USDHS)			
Passed-Through:			
United Way			
Emergency Food and Shelter National Board Program	97.024	[1]	7,262
Total USDHS			7,262
Total Expenditures of Federal Awards			$ 800,831

[1] Grant Identifying Number not available

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

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2024 AND 2023

1. PURPOSE OF SCHEDULE

<u>Schedule of Expenditures of Federal Awards</u>

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' REPORTS

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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 FoodBank 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 FoodBank of San Benito County (a nonprofit corporation) (CFB) which comprise the statements of financial position as of June 30, 2024 and 2023, 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 April 29, 2025.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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
April 29, 2025

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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 FoodBank of San Benito County
Hollister, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community FoodBank of San Benito County's (CFB) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of CFB's major federal programs for the year ended June 30, 2024. CFB's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding CFB's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of CFB's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test the 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 CFB's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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

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

Bianchi, Kasavan & Pope, LLP

Salinas, California
April 29, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMMUNITY FOODBANK OF SAN BENITO COUNTY

SUMMARY OF AUDITORS' RESULTS

FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

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

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Program(s) or Cluster(s)
10.568	Emergency Food Assistance Program (Administrative Costs)
10.569	Emergency Food Assistance Program (Food Commodities)

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

COMMUNITY FOODBANK OF SAN BENITO COUNTY

FINANCIAL STATEMENT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2024

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

COMMUNITY FOODBANK OF SAN BENITO COUNTY

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2024

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

COMMUNITY FOODBANK OF SAN BENITO COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2024

There were no audit findings reported in the prior year's schedule of financial statement findings. There were no findings reported in the prior year's schedule of federal awards findings or questioned costs.