



# **FOODBANK OF SANTA BARBARA COUNTY**

## **FINANCIAL STATEMENTS**

**June 30, 2020**

**(with Independent Auditors' Report Thereon)**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Foodbank of Santa Barbara County

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Foodbank of Santa Barbara County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Foodbank of Santa Barbara County as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Foodbank of Santa Barbara County's 2019 financial statements and our report dated November 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

***Other Information***

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The accompanying management discussion and analysis on page 3 is presented for purposes of additional analysis and is not a required part of the above financial statements. Such information is the responsibility of management and has not been subjected to the auditing standards described in the second paragraph above and on which we place no opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our separate report dated November 18, 2020, on our consideration of Foodbank of Santa Barbara 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 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 Foodbank of Santa Barbara County's internal control over financial reporting and compliance.

*Stoltey & Associates*

Los Olivos, California  
November 18, 2020

## **FOODBANK OF SANTA BARBARA COUNTY**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

The Foodbank of Santa Barbara County's mission is to end hunger and transform the health of Santa Barbara County through good nutrition. It has served as the leading food distribution and hunger-relief organization in the region since 1982. Foodbank partners with a network of over 300 nonprofit agencies, including health programs, religious organizations, and schools to serve low-income (below federal poverty level) residents throughout Santa Barbara County. From warehouses in Santa Barbara and Santa Maria, Foodbank distributes over 10 million pounds of fresh produce and nutritious groceries each year.

Foodbank functions as a critical safety net for the approximately 1 in 4 people who experience hunger in the county each year, or 229,200 unduplicated clients in the pandemic and economic crisis of FY19-20. Our clients include 41% children (0-17 years), 12% seniors (60 years or older), 75% Latinx/Hispanic individuals, and 51% females. South Santa Barbara County constitutes 37% of the Foodbank's service area, with 145,322 individuals served last fiscal year. Foodbank distributed 12.5 million pounds of food to those in need in FY20, a 20% increase from the previous year. Of these, 5.4 million pounds were fresh fruits and vegetables (43% of total distribution). A total of 2,251 volunteers contributed 20,786 hours of their valuable time and service to help with food distributions and Foodbank programs.

To empower communities with high levels of food insecurity, Foodbank hosts a suite of nutrition education programs for children and families. Lessons and activities are designed to improve long-term health by developing food literacy skills and incorporating fresh produce into daily diets. Bilingual (Spanish/English) nutrition education programs operate at more than 100 sites countywide (38 sites in South Santa Barbara County) on a daily and monthly basis. In FY20 Foodbank's Feed the Future programs provided 395,000 pounds of healthy food and 244 hours of nutrition education to more than 11,000 unduplicated children. Notably, all children, families, and seniors participate in Foodbank programs free of cost.

To procure food, Foodbank collaborates with local, state, and national food growers, grocery stores, and individual donors. The Foodbank is a member of Feeding America, a national organization representing over 200 food banks, as well as the California Association of Food Banks. Foodbank leverages these constituencies to purchase large quantities of healthy foods at discounted prices. In response to increased food insecurity during recent emergencies, such as the 2017 Thomas Fire and the 2018 Montecito Debris Flow, the Foodbank championed the creation of a countywide Disaster Feeding Plan in partnership with Santa Barbara County's nonprofits and governmental agencies. Planning began in 2018 and the Feeding Plan was put into place in fall 2019.

As the lead organization for Voluntary Organizations Active in Disaster-Santa Barbara County (VOAD-SBC), the Foodbank is fiscally and logistically responsible for coordinating response efforts when a disaster strikes within Santa Barbara County. The Foodbank is the sole distributor of USDA foods in the county, and as part of a nationwide and statewide network of food banks, has access to food resupply from organizations to the north, east, and south. In March 2020, in response to the COVID-19 pandemic, the Foodbank aggressively escalated its emergency food distribution efforts, doubling its food distribution capacity and providing emergency safety training to its countywide partner network.

**FOODBANK OF SANTA BARBARA COUNTY**
**STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2020**

(With Comparative Totals as of June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 6,499,348	\$ 211,248	\$ 6,710,596	\$ 2,606,007
Investments	254,749	-	254,749	1,868,336
Accounts and other receivables, net	12,902	-	12,902	29,212
Grants and contracts receivable	402,866	-	402,866	244,693
Pledges and bequest receivable	-	747,934	747,934	903,843
Food inventory	499,686	190,483	690,169	1,181,686
Total Current Assets	7,669,551	1,149,665	8,819,216	6,833,777
<b>OTHER ASSETS</b>				
Pledges and bequest receivable, net of current	-	321,018	321,018	297,073
Deposits	26,030	-	26,030	26,030
Cash and cash equivalents designated for building fund	2,781,450	-	2,781,450	-
Cash and cash equivalents designated for operating reserve	417,264	-	417,264	201,640
Investments designated for operating reserve	258,839	-	258,839	254,388
Beneficial interest in assets held by others designated for operating reserve	365,541	-	365,541	368,908
Cash held in endowment	-	5,584	5,584	5,584
Fixed assets, net	1,554,703	-	1,554,703	1,586,397
Retirement plan assets	161,007	-	161,007	148,373
Total Other Assets	5,564,834	326,602	5,891,436	2,888,393
<b>TOTAL ASSETS</b>	<b>\$ 13,234,385</b>	<b>\$ 1,476,267</b>	<b>\$ 14,710,652</b>	<b>\$ 9,722,170</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 258,226	\$ -	\$ 258,226	\$ 124,775
Accrued salary and related expenses	321,832	-	321,832	255,958
Grants payable	3,529	-	3,529	3,529
Agency funds	75,424	-	75,424	81,944
Current portion of long-term debt	259,000	-	259,000	72,000
Total Current Liabilities	918,011	-	918,011	538,206
<b>OTHER LIABILITIES</b>				
Retirement plan liability	161,007	-	161,007	148,373
Long-term debt	187,000	-	187,000	71,211
Total Other Liabilities	348,007	-	348,007	219,584
Total Liabilities	1,266,018	-	1,266,018	757,790
<b>NET ASSETS</b>				
Without donor restriction				
General operating	7,036,570	-	7,036,570	4,357,653
Property and equipment, net of related loan	1,108,703	-	1,108,703	1,443,186
Board designated building fund	2,781,450	-	2,781,450	-
Board designated operating reserve	1,041,644	-	1,041,644	824,936
Total Unrestricted	11,968,367	-	11,968,367	6,625,775
With donor restriction				
Temporary in nature	-	1,470,888	1,470,888	2,333,226
Perpetual in nature	-	5,379	5,379	5,379
Total Net Assets	11,968,367	1,476,267	13,444,634	8,964,380
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,234,385</b>	<b>\$ 1,476,267</b>	<b>\$ 14,710,652</b>	<b>\$ 9,722,170</b>

See Accompanying Notes

**FOODBANK OF SANTA BARBARA COUNTY**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With Comparative Totals for Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Contributions from public	\$ 7,158,968	\$ 302,481	\$ 7,461,449	\$ 5,974,435
Foundation grants	1,547,691	60,000	1,607,691	850,516
Government grants and contracts	884,562	116,988	1,001,550	622,667
In-Kind contributions of food	18,339,015	190,483	18,529,498	12,971,652
In-Kind contributions of interest and facilities	278,657	-	278,657	90,281
Fundraising events, net of direct expenses of \$77,284 and \$76,089, respectively	384,903	-	384,903	522,924
Agency fees	495,116	-	495,116	577,315
Investment income, net of investment expenses	75,975	-	75,975	42,904
Gain on sale of fixed assets	-	-	-	20,170
Change in value of beneficiary interest in assets held by others	(3,366)	-	(3,366)	5,144
Other revenue	(15,139)	-	(15,139)	750
<b>Total Revenues, Gains and Other Support</b>	<b>29,146,382</b>	<b>669,952</b>	<b>29,816,334</b>	<b>21,678,758</b>
<b>RECLASSIFICATIONS</b>				
Net assets released from restrictions	1,532,290	(1,532,290)	-	-
<b>EXPENSES</b>				
Program Expenses				
Agency services	9,691,045	-	9,691,045	6,967,499
Free produce program	7,348,057	-	7,348,057	5,249,430
Program services	6,261,231	-	6,261,231	4,023,913
<b>Total Program Services</b>	<b>23,300,333</b>	<b>-</b>	<b>23,300,333</b>	<b>16,240,842</b>
Supporting Services				
Management and general	655,043	-	655,043	683,629
Fundraising	1,380,704	-	1,380,704	1,076,326
<b>Total Supporting Services</b>	<b>2,035,747</b>	<b>-</b>	<b>2,035,747</b>	<b>1,759,955</b>
<b>Total Expenses</b>	<b>25,336,080</b>	<b>-</b>	<b>25,336,080</b>	<b>18,000,797</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,342,592</b>	<b>(862,338)</b>	<b>4,480,254</b>	<b>3,677,961</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>6,625,775</b>	<b>2,338,605</b>	<b>8,964,380</b>	<b>5,286,419</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 11,968,367</b>	<b>\$ 1,476,267</b>	<b>\$ 13,444,634</b>	<b>\$ 8,964,380</b>

See Accompanying Notes

**FOODBANK OF SANTA BARBARA COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With Comparative Totals for Year Ended June 30, 2019)

	Program				Supporting Services		Program & Supporting Services	Program & Supporting Services
	Agency Services	Free Produce Program	Other Program Services	Total	General and Admin.	Fund Raising	Total 2020	Total 2019
<b>SALARIES &amp; RELATED EXPENSES</b>								
Salaries	\$ 660,963	\$ 501,163	\$ 427,038	\$ 1,589,164	\$ 354,922	\$ 786,135	\$ 2,730,221	\$ 2,257,234
Payroll taxes	54,066	40,995	34,931	129,992	29,032	64,305	223,329	187,062
Employee benefits	110,573	83,840	71,440	265,853	82,786	130,489	479,128	377,102
Total Salaries & Related Expenses	<u>825,602</u>	<u>625,998</u>	<u>533,409</u>	<u>1,985,009</u>	<u>466,740</u>	<u>980,929</u>	<u>3,432,678</u>	<u>2,821,398</u>
<b>COST OF GOODS SOLD</b>								
COGS - purchased food	314,576	238,521	203,242	756,339	-	-	756,339	485,936
COGS - donated food	4,445,803	3,370,949	2,872,363	10,689,115	-	-	10,689,115	9,486,221
COGS - USDA	<u>3,466,197</u>	<u>2,628,181</u>	<u>2,239,455</u>	<u>8,333,833</u>	<u>-</u>	<u>-</u>	<u>8,333,833</u>	<u>3,301,273</u>
Total Cost of Goods Sold	<u>8,226,576</u>	<u>6,237,651</u>	<u>5,315,060</u>	<u>19,779,287</u>	<u>-</u>	<u>-</u>	<u>19,779,287</u>	<u>13,273,430</u>
<b>OTHER EXPENSES</b>								
Freight inbound	44,420	33,680	28,699	106,799	-	-	106,799	94,254
Professional and contract services	61,055	46,294	39,447	146,796	73,475	75,227	295,498	355,978
Warehouse expenses	189,418	143,623	122,380	455,421	5,612	-	461,033	351,167
General office expenses	82,895	62,853	53,557	199,305	83,997	39,526	322,828	300,580
Utilities	36,051	27,335	23,292	86,678	716	2,859	90,253	101,207
Travel and meeting expenses	21,710	16,461	14,027	52,198	4,406	12,884	69,488	87,988
Fundraising expenses	-	-	-	-	-	96,821	96,821	96,900
Insurance, dues and miscellaneous	37,482	28,420	24,216	90,118	1,211	5,993	97,322	77,172
Marketing development and materials	-	-	-	-	-	75,290	75,290	59,429
Business expenses	69,194	52,465	44,705	166,364	14,180	86,469	267,013	158,178
Imputed interest expense	<u>2,685</u>	<u>2,036</u>	<u>1,735</u>	<u>6,456</u>	<u>-</u>	<u>-</u>	<u>6,456</u>	<u>10,776</u>
Total Other Expenses	<u>544,910</u>	<u>413,167</u>	<u>352,058</u>	<u>1,310,135</u>	<u>183,597</u>	<u>395,069</u>	<u>1,888,801</u>	<u>1,693,629</u>
Depreciation Expense	<u>93,957</u>	<u>71,241</u>	<u>60,704</u>	<u>225,902</u>	<u>4,706</u>	<u>4,706</u>	<u>235,314</u>	<u>212,340</u>
<b>TOTAL EXPENSES, YEAR ENDED JUNE 30, 2020</b>	<b><u>\$ 9,691,045</u></b>	<b><u>\$ 7,348,057</u></b>	<b><u>\$ 6,261,231</u></b>	<b><u>\$ 23,300,333</u></b>	<b><u>\$ 655,043</u></b>	<b><u>\$ 1,380,704</u></b>	<b><u>\$ 25,336,080</u></b>	
<b>TOTAL EXPENSES, YEAR ENDED JUNE 30, 2019</b>	<b><u>\$ 6,967,499</u></b>	<b><u>\$ 5,249,430</u></b>	<b><u>\$ 4,023,913</u></b>	<b><u>\$ 16,240,842</u></b>	<b><u>\$ 683,629</u></b>	<b><u>\$ 1,076,326</u></b>		<b><u>\$ 18,000,797</u></b>

See Accompanying Notes

**FOODBANK OF SANTA BARBARA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With Comparative Totals for Year Ended June 30, 2019)

	Total 2020	Total 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,480,254	\$ 3,677,961
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	235,316	212,340
In-kind loan forgiveness	(71,211)	(72,789)
Gain on sale of fixed assets	-	(20,170)
Unrealized gain on investments	3,197	(16,785)
Realized gain on investments	(17,621)	-
Unrealized loss (gain) on beneficiary interest in assets held by others	3,367	(5,144)
Changes in:		
Value of food inventory	491,517	(209,485)
Accounts and other receivables	16,310	(6,603)
Grants and contracts receivable	(158,173)	(117,672)
Pledges receivable	131,964	(640,086)
Deposits	-	-
Accounts payable	133,451	(2,902)
Accrued salary and related expenses	65,874	58,043
Grants payable	-	(15,501)
Agency funds	(6,520)	(10,717)
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<u>5,307,725</u>	<u>2,830,490</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	-	24,172
Purchase of investments	-	(1,855,939)
Proceeds from sale of investments	1,623,560	-
Acquisition of fixed assets	(203,622)	(415,943)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>1,419,938</u>	<u>(2,247,710)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuing note payable	374,000	-
Increase in board designated cash	(2,997,074)	(46,470)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(2,623,074)</u>	<u>(46,470)</u>
<b>NET INCREASE IN CASH</b>	<b>4,104,589</b>	<b>536,310</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,606,007</u>	<u>2,069,697</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 6,710,596</b></u>	<u><b>\$ 2,606,007</b></u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

In-kind donation of goods and services	\$ 18,529,498	\$ 12,971,652
In-kind donation of interest and facilities	\$ 278,657	\$ 90,281

See Accompanying Notes



**NOTE 1                      ORGANIZATION AND NATURE OF ACTIVITIES**

Foodbank of Santa Barbara County (the Foodbank) was formed as a nonprofit organization in 1982 and incorporated in the State of California in 1987. The Foodbank provides nourishment to those in need by acquiring and distributing safe nutritious food via local agencies and its own direct programs. The Foodbank is transforming the health of Santa Barbara County by building a long-term solution to hunger related issues through food literacy and self-reliance. All Foodbank uniquely designed programs include components of nutrition education.

Direct programs include:

- Mobile Food Pantry Program – Provides reliable countywide assistance to families by distributing perishable and nonperishable food to underserved communities.
- Mobile Farmer’s Market Program – Rapidly distributes fresh produce to low – income families through a farmer’s market-like setting.
- Kids Farmer Market Program – teaches children through food literacy with a variety of fresh fruit and vegetables through hands on nutrition education.
- Brown Bag Program – Provides low-income seniors with two bags of groceries and fresh produce twice a month, supplementing their food costs. Volunteers deliver the bags to homebound seniors.
- CalFresh Outreach – A bilingual community outreach coordinator conducts food stamp recruitment and assists with the application process, while offering nutrition education.

The Foodbank is supported by federal, state and local grants, as well as support from the general public.

**NOTE 2                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Foodbank is presented to assist in understanding the Foodbank’s financial statements. The financial statements and notes are representations of the Foodbank’s management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

**Basis of Presentation**

The financial statements of the Foodbank have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Financial Statement Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Foodbank reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (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 restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less.

**Accounts Receivable**

Accounts receivable consist primarily of non-interest-bearing amounts due for food distribution activities as well government contracts considered by management to be exchange transactions. The Foodbank determines an allowance for uncollectible accounts receivable based on management's analysis of the potential credit risk of clients owing the receivable, historical trends, and subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2020 management believed all accounts receivable were fully collectible and thus no allowance for uncollectible accounts receivable is reported.

**Pledges and Bequests Receivable**

The Foodbank initially records unconditional pledges receivable and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

**Investments**

The Foodbank records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

### **Inventory**

Inventory is stated at the lower of market or cost, if purchased. If donated, the inventory is reported at the lower of market value or fair value on date of donation. In addition, the Foodbank uses the first-in, first-out method.

### **Property and Equipment**

The Foodbank records fixed asset additions over \$2,500 at cost, or if donated, at fair value on the date of donation. The lesser of the estimated useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is computed using straight-line method over the estimated useful lives of the assets, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. Management has estimated the useful lives of depreciable assets as follows:

<u>Asset</u>	<u>Life</u>
Improvements	5 – 20 Years
Structures	7 – 30 Years
Furniture and Equipment	5 – 10 Years
Vehicles	5 – 7 Years

The Foodbank reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Management has determined there were no indicators of asset impairment during the years ended June 30, 2020.

### **Fair Value of Financial Instruments**

The estimated fair values of the Foodbank's short-term financial instruments, including cash, cash equivalents, and accounts payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The fair value of the beneficiary interest in assets held by others is based on the net asset value. The amount shown for the loans approximate fair value. The fair value of the retirement plan asset and related liability is based upon the underlying asset.

### **Revenue and Revenue Recognition**

#### **Exchange Transactions**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

### Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### Donated Materials, Facilities and Services

During the year ended June 30, 2020, the Foodbank received 21,623 hours of volunteer service from 2,267 volunteers. The volunteers served as Board members and/or helping with the Foodbank carry out its direct programs. This volunteer time is critical to the success of the Foodbank. However, as this volunteer service does not meet the recognition requirements of generally accepted accounting principles, no amount has been recorded in these financial statements.

The Foodbank's warehouse facilities are donated through lease agreements with the County of Santa Barbara and the City of Goleta. The donated facilities are recorded at the estimated fair market value of the donated facilities. Promises to donate facilities under unconditional pledge agreements are recorded at the fair value of the promise at the time of the pledge.

Donated materials consist primarily of food. The Foodbank records the fair market value of the donated food as a contribution at the time of receipt. The fair market value of the donated food is based on Feeding America guidelines.

### Advertising Costs

Advertising costs are expensed as incurred and approximated \$75,000 during the year ended June 30, 2020.

### Functional Expenses

The cost of providing Foodbank programs and other activities is summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Indirect expenses allocated and the basis for allocation are as follows:

Salaries and related costs	Time and effort
Freight in-bound	Pounds of food distributed
Warehouse expenses	Pounds of food distributed
General office expenses	Time and effort/Pounds of food Distributed
Utilities	Square footage/Pounds of food distributed
Insurance	Time and effort/Pounds of food Distributed
Business expenses	Time and effort/Pounds of food Distributed
Depreciation	Time and effort/Pounds of food Distributed

### **Income Taxes**

The Foodbank is a California nonprofit public benefit corporation, which is exempt from taxes on income under Internal Revenue Code section 501(c)(3) and State of California Revenue and Taxation Code Section 23701(d); therefore, no provisions for income taxes are reflected in the accompanying financial statements. The Foodbank qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Foodbank evaluates uncertain tax positions, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2020, the Foodbank had no uncertain tax positions requiring accrual. The Foodbank files tax returns in U.S. federal and California jurisdictions. The Foodbank's tax filings are subject to examination by the IRS, generally for three years after they are filed. SDRI is not aware of any activities that would jeopardize its tax-exempt status.

### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Foodbank management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Foodbank management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Significant estimates used in preparing these financial statements include:

- Allocation of certain expenses by function
- Value of donated rental space and food
- Depreciable lives and estimated residual value of property and equipment
- Allowance for uncollectible accounts, grants, contracts and pledges receivable
- Present value of pledges and bequests receivable

- Value of donated food received

It is at least reasonably possible that the significant estimates will change within the next year.

### **Prior-Year Summarized Comparative Information**

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

### **Reclassifications**

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation.

## **NOTE 3 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents -	
without donor restrictions	\$ 6,710,596
Investments – operating	254,749
Accounts and other receivables	12,902
Grants and contracts receivables –	
without donor restrictions	402,866
Pledges and bequests receivable –	
without donor purpose restrictions	<u>639,192</u>
Total	<u>\$ 8,020,305</u>

The Board of Directors of the Foodbank has designated \$1,041,644 for an operating reserve and \$2,781,450 for a building fund. While the Board does not intend to spend from these board-designated funds, these amounts could be made available if necessary.

## **NOTE 4 INVESTMENTS**

Investments are carried at fair value based on quoted prices in active markets and consist primarily of long-term certificates of deposits as follows:

	Fair Value	Cost	Unrealized Appreciation
<i>Operating</i>			
Long-term certificates of deposit	\$ 254,749	\$ 250,000	\$ 4,749
<i>Board Designated</i>			
Long-term certificates of deposit	<u>258,839</u>	<u>250,000</u>	<u>8,839</u>
Total Investments	<u>\$ 513,588</u>	<u>\$ 500,000</u>	<u>\$ 13,588</u>

Investment income is summarized as follows:

Interest income	\$ 61,551
Realized gain	17,621
Unrealized loss	<u>(3,197)</u>
	<u>\$ 75,975</u>

**NOTE 4 ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts owed to the Foodbank by local agencies that have purchased food for distribution. Based on historical collection trends, management has determined the receivables are fully collectible; therefore, no provision has been made for uncollectible amounts.

**NOTE 5 GRANTS AND CONTRACTS RECEIVABLE**

Grants and contracts receivable are primarily from government sources and are considered to be fully collectible by management. All grant and contract receivables are anticipated to be collected in the fiscal year ended June 30, 2021.

**NOTE 6 PLEDGES AND BEQUEST RECEIVABLE**

**Bequests Receivable**

The Foodbank has been named as a 7% beneficiary of a bequest trust that is scheduled to be distributed over a nine-year period. The bequest allows for an annual \$3,000 distribution to the Foodbank. In the final year of the trust the remaining balance held in the trust will be distributed to the named beneficiaries. At June 30, 2020 management has estimated the present value of the Trust to be \$158,275. Management has used a discount rate of 2.5%.

The Foodbank has also been named the beneficiary of bequests that are anticipated to be collected during the year ended June 30, 2021. Management has estimated the value of the bequests receivable at \$300,000.

### **In-Kind Leases**

The Foodbank had a continuing long-term lease which expired in 2015 with the County of Santa Barbara at no cost for its Santa Barbara warehouse and office. During the year ended June 30, 2015, the Foodbank entered into a second amendment of the lease, extending the term to 2020 and granting three five-year options. During the year ended June 30, 2020 the Foodbank exercised its first option to extend the lease term to expire April 2025.

During the year ended June 30, 2004, the Foodbank entered into a continuing long-term non-cancelable lease which expires in 2023 with the County of Santa Barbara at no cost for its Santa Maria warehouse and office. The fair value of the leaseholds to the Foodbank represents an in-kind donation of rental space.

In June 2019 the Foodbank entered into a 1-year lease agreement with the City of Goleta. The lease agreement was for warehouse space and required a payment of \$1. In June 2020 the lease was renewed with same terms as original lease. The estimated fair value of the lease space has been recorded as an in-kind donation of rental space.

The present value, utilizing a discount rate of 5%, of donated space to be used in future periods is recorded as a pledge receivable. As the lease arrangements are non-cancelable and there are no lease charges, the Foodbank deems the pledges to be fully collectible.

### **Loan Forgiveness**

The City of Santa Maria has pledged to forgive the first trust deed on the Santa Maria warehouse and office (see note 8 for discussion of note payable). The loan is being forgiven over a period of 10 years at a rate of \$72,000 per year. As the pledge to forgive the note is unconditional management has reported the amount as a pledge receivable in the accompanying statement of financial position at the estimated present value of the pledge of \$72,000. Management believes the pledge to forgive the note is fully collectible.

### **Other Pledges Receivable**

The Foodbank has recorded unconditional pledges receivable totaling \$240,916 and \$103,025 at June 30, 2020 and 2019, respectively. The unconditional pledges primarily relate to the operation of the Foodbank programs. The Foodbank considers the pledges fully collectible; therefore, no provision has been made for uncollectible pledges receivable.



### **Anticipated Pledge and Bequest Receivable Collection Schedule**

Management anticipates collecting the above noted pledges and bequest receivables as follows:

	<u>Bequest Receivable</u>	<u>In-Kind Leases</u>	<u>Loan Forgiveness</u>	<u>Other Pledges</u>	<u>Total</u>
Within one year	\$ 303,000	\$ 132,018	\$ 72,000	\$ 240,916	\$ 747,934
Within two to five years	12,000	202,600	-	-	214,600
Thereafter	<u>165,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,497</u>
	480,497	334,618	72,000	240,916	1,128,031
Less Discount	<u>(22,222)</u>	<u>(36,857)</u>	<u>-</u>	<u>-</u>	<u>(59,079)</u>
	<u>\$ 458,275</u>	<u>\$ 297,761</u>	<u>\$ 72,000</u>	<u>\$ 240,916</u>	<u>\$ 1,068,952</u>

### **NOTE 6      FIXED ASSETS**

Fixed assets at June 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 1,106,414	\$ 1,081,864
Structures	1,937,999	1,937,999
Furniture and equipment	1,404,212	1,395,105
Vehicles	<u>917,691</u>	<u>828,387</u>
Total Property and Equipment	5,366,316	5,243,355
Accumulated depreciation	<u>(3,811,613)</u>	<u>(3,656,958)</u>
	<u>\$ 1,554,703</u>	<u>\$ 1,586,397</u>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$235,316 and \$212,340, respectively.

### **NOTE 7      BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Foodbank has a beneficiary interest in the Santa Barbara Foundation Endowment Fund (Fund) under an Agency Fund Agreement (Fund Agreement). The Fund attempts to provide stable capital appreciation on a total return basis. Assets of the Fund are fully exposed to market risks and may experience market volatility and principal loss. The beneficial interest in the Fund is reported by the Foodbank at the estimated fair market value which is based on the reported net asset value of the fund as reported by the Santa Barbara Foundation. At June 30, 2020 and 2019, the estimated fair market value of the Foodbank's interest in the Fund was \$365,541 and \$368,908, respectively.

The Fund Agreement provides for the distribution of funds to be in accordance with the Santa Barbara Foundation's spending policy for its endowed funds and consistent with the applicable provisions of the California Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with California State law Santa Barbara Foundation (SBF) retains sole and absolute discretion over distributions from

the Fund. However, the Fund Agreement allows SBF to seek the Foodbank's advice concerning the timing and amounts of distributions from the Fund to the Foodbank. The Foodbank also may request an extraordinary distribution from the Fund. The funding of any extraordinary distribution is at the SBF's sole discretion. Currently, the Foodbank requests a distribution of 5% of the prior year fair market value of funds.

**NOTE 8      DEBT**

The Foodbank has a loan secured by a first trust deed on the Santa Maria warehouse and office, payable to the Special Projects Division, City of Santa Maria. The loan originated in 2004; the Foodbank drew on the loan over a three-year period for a total of \$720,000 for the construction of the Santa Maria warehouse and office. The non-interest-bearing note is being forgiven over a period of ten years, commencing after five years of occupation of the constructed building, beginning in 2011. The forgiveness of the loan is contingent upon the Foodbank continuing operations related to the distribution of food to low income people. As the Foodbank expects to continue operations, the Foodbank recorded a grant receivable representing the forgiveness of the loan (See Note 5).

The loan balances, and related grant receivable, as of June 30, 2020 and 2019 were \$72,000 and \$144,000, respectively. The total imputed interest rate of 6% for the bargain rate loan for the years ended June 30, 2020 and 2019, was \$6,456 and \$10,776, respectively. The loan is expected to be forgiven in year ending June 30, 2021.

During the year ended June 30, 2020 the Foodbank applied for and received a \$374,000 loan as part of the Payroll Protection Program from the Small Business Administration. The loan is fully forgivable conditional upon the Foodbank meeting certain payroll and occupancy expenditures. Should the Foodbank not receive full forgiveness of the loan the is subject to 1% annual interest rate. As the loan forgiveness is conditional upon future events, a contribution receivable has not been reported at June 30, 2020. If the loan is not forgiven, the Foodbank is required to repay loan under following schedule:

2021	\$ 187,000
2022	187,000

**NOTE 9      BOARD DESIGNATED NET ASSETS**

As part of the Foodbank's strategic plan, the Board of Trustees has established an operating reserve equal to approximately three months of operating expenses, based on the amount of expenses incurred in the prior year. The operating reserve consists of cash, certificate of deposit and a beneficiary interest in assets held by others. The reserve consisted of the following amounts at June 30:

	2020	2019
Cash	\$ 417,264	\$ 201,640
Certificate of deposit	258,839	254,388
Beneficiary interest in assets held by others	365,541	368,908
Total	\$ 1,041,644	\$ 824,936

The Board of Trustees have also established a designated fund for the future purchase of a building. The balance of the designated building fund at June 30, 2020 was \$2,781,450. The designated building funds are entirely held in cash and cash equivalent instruments.

**NOTE 10      NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions temporary in nature consist of the following amounts at June 30:

	2020	2019
<i>Restricted for Specific Purpose</i>		
Government food program – USDA food inventory	\$ 190,483	\$ 914,865
Equipment	245,061	101,490
Special event sponsorships	10,000	90,750
Safety and disaster	16,187	25,000
Endowment	205	205
	<u>461,936</u>	<u>1,132,310</u>
<i>Restricted for Time</i>		
Pledge receivable for facility leases	297,761	200,984
Pledge receivable for loan forgiveness – City of Santa Maria	72,000	140,531
Unrestricted pledges and bequest receivable	<u>639,191</u>	<u>859,401</u>
Total	<u>\$ 1,470,888</u>	<u>\$ 2,333,226</u>

Net assets with donor restrictions perpetual in nature consist of the following amounts at June 30:

	2020	2019
Endowment	<u>\$ 5,379</u>	<u>\$ 5,379</u>

**NOTE 11      CONTINGENT LIABILITIES**

**Government Grants and Contracts**

The Foodbank receives a number of grants from various governmental agencies. These grants are subject to audit by the granting agencies as to allowable costs paid with government funds. The Foodbank would be liable for any government funds expended during year ended June 30, 2020, should those costs charged to the grants be disallowed.

**Solar Panel Agreement**

During the year ended June 30, 2017, the Foodbank signed a twenty-five year

agreement with Wiser Capital for purchase of solar power. Although the monthly expense related to the agreement is projected to result in lower utility costs, the Foodbank is responsible for the maintenance and repair of the electrical system at the Santa Maria facility and may be liable for the costs to relocate the system should they cease to conduct business operations at that location.

**NOTE 12 LEASES**

The Foodbank entered into a three-year lease agreement to rent office space effective April 1, 2019 and expiring March 31, 2022. The monthly rent is \$4,025 plus common area maintenance. The minimum rent is adjusted annually based on the previous year CPI.

The Foodbank also has three in-kind leases for warehouses and other program activities (See Note 5).

The Foodbank also leases various autos, trucks and other equipment under operating leases. The terms of the leases range from 3 years to 6 years. The leases expiration dates range from July 2020 to August 2023.

Minimum annual lease commitments under the current lease agreements are as follows:

<u>Year ended June 30,</u>	<u>Cash</u>	<u>In-kind</u>	<u>Total</u>
2021	\$ 71,595	\$ 125,000	\$ 196,595
2022	19,076	55,000	74,076
2023	16,776	55,000	71,776
2024	2,796	43,000	45,796
2024	-	31,000	31,000
Thereafter	-	-	-
Totals	<u>\$ 110,243</u>	<u>\$ 309,000</u>	<u>\$ 419,243</u>

**NOTE 13 RETIREMENT PLANS**

Beginning May 1, 2007, the Foodbank initiated a new 403(b) annuity plan. The plan was amended and restated effective January 1, 2017. For purposes of Matching Contributions, an employee must complete 3 months of service beginning on the employment commencement date. The Foodbank provides a matching contribution that are not in excess of 3% of salary compensation. At June 30, 2020 and 2019, the Foodbank contributed \$111,000 and \$75,000, respectively. The employer contribution amount is paid every pay period.

Effective July 1, 2011, the Foodbank adopted 457(b) and 457(f) deferred compensation plans for the benefit of the Foodbank's chief executive officer. During the year ended June 30, 2016, the Foodbank restated the 457(b) plan, effective July 1, 2016, extending the yearly employer contributions until June 30, 2019, and increasing the yearly contribution amounts. The Foodbank restated the 457(f) plan, effective July 1, 2016.

For the 457(b) plan, the Foodbank will make non-elective annual contributions to the plan on behalf of the chief executive officer. The plan balance will be maintained on the

Foodbank's books in a designated account and will remain the sole property of the Foodbank and be available to satisfy the claims of all general creditors of the Foodbank.

For the 457(f) plan, a one-time contribution is made on the chief executive officer's behalf under Code Section 457(f) during the year ended June 30, 2020, with the chief executive officer becoming fully vested in his 457(f) deferred compensation plan in the same year.

As of June 30, 2020, the asset and related liability of the 457(b) plan in the amount of \$161,007 are recorded in other assets and liabilities on the statement of financial position.

**NOTE 14      CONCENTRATIONS**

A significant portion of the Foodbank's revenues are derived from government grants and contracts.

Individual donors are primarily from Santa Barbara County, as are the clients of the Foodbank.

**NOTE 15      ENDOWMENT**

The Foodbank's endowment has been established for a variety of programs and operating reserves. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees have interpreted the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring a long-term investment strategy designed to preserve the fair value of the original gift, as of the gift date.

As a result of this interpretation, the Foodbank has classified with the explicit prohibition by the donor as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foodbank in a manner consistent with the standard for prudence prescribed by UPMIFA.

In accordance with California UPMIFA, the Foodbank considers the following factors in making a determination to appropriate or invest donor-restricted endowment funds: The duration and preservation of the funds

- (1) The purposes of the Foodbank and the donor-restricted endowment funds
- (2) General economic conditions

- (3) The possible effect of inflation and deflation
- (4) The expected total return and the appreciation of investments
- (5) Other resources of the Foodbank
- (6) The investment policies of the Foodbank

### **Return Objectives and Risk Parameters**

The Foodbank has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foodbank must hold in perpetuity.

### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foodbank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foodbank targets a diversified asset allocation that places a greater emphasis on long term certificates of deposit to achieve its long-term return objectives within prudent risk constraints.

At June 30, 2020, the endowment comprised of \$5,584 of net assets with donor restrictions.

Changes in endowment net assets for the fiscal years ended June 30, 2020 are as follows:

	<u>With Donor Restriction</u>		
	Temporary	Perpetual	Total
Balance at June 30, 2019	\$ 205	\$ 5,379	\$ 5,584
Investment income	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2020	<u>\$ 205</u>	<u>\$ 5,379</u>	<u>\$ 5,584</u>

## **NOTE 16 FAIR VALUE MEASUREMENT**

The Foodbank has adopted a framework for measuring and disclosing the fair value of assets and liabilities. Accounting principles define fair value as the price that would be received by the Foodbank to sell an asset or be paid by the Foodbank to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established that prioritizes valuation inputs into three broad levels to ensure consistency and comparability. The valuation hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The standard describes three levels of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; discounted cash flows; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; including general partner estimates and recent third-party appraisals.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying Statements of Financial Position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then Level 2 fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Fair market valuation of Level 3 assets is based on other market factors to determine if the carrying value of these investments should be adjusted.

The table below presents the balances of assets measured at fair value on a recurring basis at June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Operating Assets</u>			
<i>Investments:</i>			
Long-term certificates of deposit	\$ 254,749	\$ -	\$ -
Beneficial interest in assets held others	-	365,541	-
Pledges and bequests receivable	-	-	1,068,952
Total operating assets	254,749	365,541	1,068,952
<u>Board Designated Assets</u>			
<i>Investments</i>			
Long-term certificates of deposit	258,839	-	-
Total Assets at Fair Value	\$ 513,588	\$ 365,541	\$ 1,068,952

The Foodbank recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between Level 1, 2, and 3 of the fair value hierarchy for the year ended June 30, 2020.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2020:

Pledges and Bequests Receivable:

Balance at Beginning of Year	\$ 1,200,916
Additions	638,772
Collections	(803,658)
Fair value adjustments	<u>32,922</u>
Balance at End of Year	<u>\$ 1,068,952</u>

**NOTE 18      COVID-19 FINANCIAL STATEMENT IMPACT**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. Management is closely monitoring its liquidity and is actively working to minimize the impact of the pandemic. The extent of the impact of COVID-19 on the Foodbank's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Foodbank's employees, vendors, and program participants, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Foodbank's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**NOTE 18      SUBSEQUENT EVENTS**

Management has evaluated events through November 18, 2020, which is the date the financial statements were available to be issued. There were no subsequent events requiring disclosure.