



# **FOODBANK OF SANTA BARBARA COUNTY**

## **FINANCIAL STATEMENTS**

**June 30, 2021**

**(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, 2021, 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, 2021, 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 2020 financial statements and our report dated November 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 pages 3-4 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 22, 2021, 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 22, 2021

## **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 distributed over 18 million pounds of fresh produce and nutritious groceries this year.

Foodbank functions as a critical safety net for the approximately 1 in 4 people who experience hunger in the county each year, or 256,126 unduplicated clients in the pandemic and economic crisis of FY20-21. Our clients include 36% children (0-17 years), 11% seniors (60 years or older), 82% 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 18.1 million pounds of food to those in need in FY21, a 50% increase from the previous year. Of these, 6.8 million pounds were fresh fruits and vegetables. A total of 1,647 volunteers contributed 27,179 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 FY21 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.

The Foodbank of SBC has been searching for a larger, more efficient south county warehouse for eight years. In FY22 the Organization utilized some of the resources reflected in these financial statements, as well as a \$9M loan to purchase a new warehouse at an initial purchase price of \$12.7M, with anticipated building improvement costs of \$5M. FBSBC will be launching a \$15M campaign effort to fund the purchase, and will be looking to dedicated community members for support.

**FOODBANK OF SANTA BARBARA COUNTY**
**STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2021**

(With Comparative Totals as of June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,161,176	\$ 30,000	\$ 3,191,176	\$ 6,710,596
Investments	-	-	-	513,588
Accounts and other receivables, net	21,204	-	21,204	12,902
Grants and contracts receivable	-	592,747	592,747	402,866
Pledges and bequest receivable	-	146,964	146,964	747,934
Food inventory	558,303	570,079	1,128,382	690,169
Total Current Assets	3,740,683	1,339,790	5,080,473	9,078,055
<b>OTHER ASSETS</b>				
Pledges and bequest receivable, net of current	-	301,785	301,785	321,018
Deposits	26,030	-	26,030	26,030
Cash and cash equivalents designated for long term purposes	3,950,266	-	3,950,266	3,198,714
Investments designated for long term purposes	3,672,828	-	3,672,828	-
Beneficial interest in assets held by others designated for operating reserve	578,729	-	578,729	365,541
Cash held in endowment	-	5,789	5,789	5,584
Investments designated for quasi-endowment	6,000,000	-	6,000,000	-
Fixed assets, net	1,908,785	-	1,908,785	1,554,703
Retirement plan assets	213,583	-	213,583	161,007
Total Other Assets	16,350,221	307,574	16,657,795	5,632,597
<b>TOTAL ASSETS</b>	<b>\$ 20,090,904</b>	<b>\$ 1,647,364</b>	<b>\$ 21,738,268</b>	<b>\$ 14,710,652</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 176,545	\$ -	\$ 176,545	\$ 258,226
Accrued salary and related expenses	213,274	-	213,274	321,832
Grants payable	32,338	-	32,338	3,529
Agency funds	71,131	-	71,131	75,424
Current portion of long-term debt	-	-	-	259,000
Total Current Liabilities	493,288	-	493,288	918,011
<b>OTHER LIABILITIES</b>				
Retirement plan liability	213,583	-	213,583	161,007
Long-term debt	-	-	-	187,000
Total Other Liabilities	213,583	-	213,583	348,007
Total Liabilities	706,871	-	706,871	1,266,018
<b>NET ASSETS</b>				
<b>Without donor restriction</b>				
General operating	3,852,154	-	3,852,154	7,036,570
Property and equipment, net of related loan	1,908,785	-	1,908,785	1,108,703
Board designated building fund	3,581,450	-	3,581,450	2,781,450
Board designated building maintenance reserve	1,000,000	-	1,000,000	-
Board designated operating reserve	3,041,644	-	3,041,644	1,041,644
Board designated endowment	6,000,000	-	6,000,000	-
Total Unrestricted	19,384,033	-	19,384,033	11,968,367
<b>With donor restriction</b>				
Temporary in nature	-	1,641,985	1,641,985	1,470,888
Perpetual in nature	-	5,379	5,379	5,379
Total Net Assets	19,384,033	1,647,364	21,031,397	13,444,634
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 20,090,904</b>	<b>\$ 1,647,364</b>	<b>\$ 21,738,268</b>	<b>\$ 14,710,652</b>

See Accompanying Notes

**FOODBANK OF SANTA BARBARA COUNTY**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(With Comparative Totals for Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Contributions from public	\$ 8,643,867	\$ 106,772	\$ 8,750,639	\$ 7,461,449
Foundation grants	1,550,613	-	1,550,613	1,607,691
Government grants and contracts	-	2,385,885	2,385,885	1,001,550
In-Kind contributions of food	25,544,263	570,079	26,114,342	18,529,498
In-Kind contributions of interest and facilities	34,208	-	34,208	278,657
Fundraising events, net of direct expenses of \$13,548 and \$77,284, respectively	655,599	-	655,599	384,903
Agency fees	655,242	-	655,242	495,116
Investment income, net of investment expenses	88,395	-	88,395	75,975
Gain on sale of fixed assets	1,000	-	1,000	-
Change in value of beneficiary interest in assets held by others	78,188	-	78,188	(3,366)
Other revenue	1,047	-	1,047	(15,139)
<b>Total Revenues, Gains and Other Support</b>	<b>37,252,422</b>	<b>3,062,736</b>	<b>40,315,158</b>	<b>29,816,334</b>
<b>RECLASSIFICATIONS</b>				
Net assets released from restrictions	2,891,639	(2,891,639)	-	-
<b>EXPENSES</b>				
Program services	30,432,381	-	30,432,381	23,300,333
Supporting Services				
Management and general	872,954	-	872,954	655,043
Fundraising	1,423,060	-	1,423,060	1,380,704
Total Supporting Services	2,296,014	-	2,296,014	2,035,747
<b>Total Expenses</b>	<b>32,728,395</b>	<b>-</b>	<b>32,728,395</b>	<b>25,336,080</b>
<b>CHANGE IN NET ASSETS</b>	<b>7,415,666</b>	<b>171,097</b>	<b>7,586,763</b>	<b>4,480,254</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>11,968,367</b>	<b>1,476,267</b>	<b>13,444,634</b>	<b>8,964,380</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 19,384,033</b>	<b>\$ 1,647,364</b>	<b>\$ 21,031,397</b>	<b>13,444,634</b>

See Accompanying Notes

**FOODBANK OF SANTA BARBARA COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(With Comparative Totals for Year Ended June 30, 2020)

	Program	Supporting Services		Program & Supporting Services	Program & Supporting Services
	Program Services	General and Admin.	Fund Raising	Total 2021	Total 2020
<b>SALARIES &amp; RELATED EXPENSES</b>					
Salaries	\$ 1,929,879	\$ 355,102	\$ 798,015	\$ 3,082,996	\$ 2,730,221
Payroll taxes	153,174	28,184	63,338	244,696	223,329
Employee benefits	283,742	53,486	117,717	454,945	479,128
Total Salaries & Related Expenses	<u>2,366,795</u>	<u>436,772</u>	<u>979,070</u>	<u>3,782,637</u>	<u>3,432,678</u>
<b>COST OF GOODS SOLD</b>					
COGS - purchased food	772,735	-	-	772,735	756,339
COGS - donated food	12,182,976	-	-	12,182,976	10,689,115
COGS - USDA	13,556,818	-	-	13,556,818	8,333,833
Total Cost of Goods Sold	<u>26,512,529</u>	<u>-</u>	<u>-</u>	<u>26,512,529</u>	<u>19,779,287</u>
<b>OTHER EXPENSES</b>					
Freight inbound	127,867	-	-	127,867	106,799
Professional and contract services	130,384	95,093	67,374	292,851	295,498
Warehouse expenses	524,611	44,501	-	569,112	461,033
General office expenses	162,024	140,756	82,866	385,646	322,828
Utilities	96,252	125,793	3,562	225,607	90,253
Travel and meeting expenses	26,898	-	5,215	32,113	69,488
Fundraising expenses	-	-	136,362	136,362	96,821
Insurance, dues and miscellaneous	90,118	24,429	5,993	120,540	97,322
Marketing development and materials	-	-	96,830	96,830	75,290
Business expenses	125,632	-	40,178	165,810	267,013
Imputed interest expense	-	-	-	-	6,456
Total Other Expenses	<u>1,283,786</u>	<u>430,572</u>	<u>438,380</u>	<u>2,152,738</u>	<u>1,888,801</u>
Depreciation Expense	<u>269,271</u>	<u>5,610</u>	<u>5,610</u>	<u>280,491</u>	<u>235,314</u>
<b>TOTAL EXPENSES, YEAR ENDED JUNE 30, 2021</b>	<b><u>\$ 30,432,381</u></b>	<b><u>\$ 872,954</u></b>	<b><u>\$ 1,423,060</u></b>	<b><u>\$ 32,728,395</u></b>	
<b>TOTAL EXPENSES, YEAR ENDED JUNE 30, 2020</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>

See Accompanying Notes



**FOODBANK OF SANTA BARBARA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(With Comparative Totals for Year Ended June 30, 2020)

	Total 2021	Total 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,586,763	\$ 4,480,254
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	280,491	235,316
In-kind loan forgiveness	(446,000)	(71,211)
Gain on sale of fixed assets	(1,000)	-
Unrealized gain on investments	(52,288)	3,197
Realized gain on investments	-	(17,621)
Unrealized loss (gain) on beneficiary interest in assets held by others	(78,188)	3,367
Changes in:		
Value of food inventory	(438,213)	491,517
Accounts and other receivables	(8,302)	16,310
Grants and contracts receivable	(189,881)	(158,173)
Pledges receivable	620,203	131,964
Accounts payable	(81,681)	133,451
Accrued salary and related expenses	(108,558)	65,874
Grants payable	28,809	-
Agency funds	(4,293)	(6,520)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>7,107,862</u>	<u>5,307,725</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	1,000	-
Purchase of investments	(9,276,605)	-
Proceeds from sale of investments	34,653	1,623,560
Acquisition of fixed assets	(634,573)	(203,622)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(9,875,525)</u>	<u>1,419,938</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuing note payable	-	374,000
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>374,000</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,767,663)</b>	<b>7,101,663</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>9,914,894</u>	<u>2,813,231</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 7,147,231</b></u>	<u><b>\$ 9,914,894</b></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
In-kind donation of goods and services	<u>\$ 26,114,342</u>	<u>\$ 18,529,498</u>
In-kind donation of interest and facilities	<u>\$ 34,208</u>	<u>\$ 278,657</u>
<b>Summary of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 3,191,176	\$ 6,710,596
Cash and cash equivalents designated for long term purposes	3,950,266	3,198,714
Cash held in endowment	5,789	5,584
Total cash and cash equivalents	<u><b>\$ 7,147,231</b></u>	<u><b>\$ 9,914,894</b></u>

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, 2021 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**

Agency fee revenue is recognized when the food is transferred to the agency purchasing the food. Special event revenue equal to the estimated fair value of the direct benefits to donors. All services are transferred at a point in time.

### Contributions

The Foodbank recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2021, contributions approximating \$40,000, have not been recognized in the accompanying statement of activities because the conditions on which they depend has not yet been met.

### Donated Materials, Facilities and Services

During the year ended June 30, 2020, the Foodbank received 59,579 hours of volunteer service from 1,647 volunteers, including 32,399 hours contributed by the National Guard. 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 \$95,000 during the year ended June 30, 2021.

### 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, 2021, 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. Foodbank 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, 2020, from which the information was derived.

### **Reclassifications**

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

### **Change in Accounting Principle**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09 (Topic 606). The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Foodbank retrospectively implemented ASU 2014-09 during the year ended June 30, 2021 with no significant impact on the financial position of the Foodbank.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08 (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update addresses the complexity and understandability of whether a transaction should be accounted for as contributions or exchanges. In addition, the update introduced the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. The Foodbank retrospectively implemented ASU 2018-08 during the year ended June 30, 2021 with no significant impact on the financial position of the Foodbank.

## **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	\$ 3,161,176
Accounts and other receivables	21,204
Grants and contracts receivables -	
without donor restrictions	592,747
Pledges and bequests receivable -	
without donor purpose restrictions	<u>146,964</u>
Total	<u>\$ 3,922,091</u>

The Board of Directors of the Foodbank has designated \$13,623,094 for various purposes. 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
Money market funds	\$ 64,024	\$ 64,024	\$ -
Commodity mutual funds	56,040	56,833	(793)
Real estate mutual funds	179,213	181,432	(2,219)
Fixed income mutual funds	4,996,236	4,982,616	13,620
Common stocks	3,068,666	3,015,149	53,517
Corporate bonds	794,122	794,863	(741)
Long-term certificates of deposit	<u>514,527</u>	<u>508,838</u>	<u>5,689</u>
Total Investments	<u>\$ 9,672,828</u>	<u>\$ 9,603,755</u>	<u>\$ 69,073</u>

Investment income is summarized as follows:

Interest income	\$ 36,107
Unrealized gain	<u>52,288</u>
	<u>\$ 88,395</u>

**NOTE 5 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 6 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 7      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, 2021 management has estimated the present value of the Trust to be \$184,701. Management has used a discount rate of 2.5%.

**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.

**Other Pledges Receivable**

The Foodbank has recorded unconditional pledges receivable totaling \$240,916 and \$82,764 at June 30, 2021 and 2020, 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>Other Pledges</u>	<u>Total</u>
Within one year	\$ 3,000	\$ 61,200	\$ 82,764	\$ 146,964
Within two to five years	12,000	141,400	-	153,400
Thereafter	<u>198,033</u>	<u>-</u>	<u>-</u>	<u>198,033</u>
	213,033	202,600	82,764	498,397
Less Discount	<u>(28,332)</u>	<u>(21,316)</u>	<u>-</u>	<u>(49,648)</u>
	<u>\$ 184,701</u>	<u>\$ 181,284</u>	<u>\$ 82,764</u>	<u>\$ 448,749</u>

### **NOTE 8      FIXED ASSETS**

Fixed assets at June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 1,115,891	\$ 1,106,414
Structures	1,937,999	1,937,999
Furniture and equipment	1,556,640	1,404,212
Vehicles	<u>1,383,859</u>	<u>917,691</u>
Total Property and Equipment	5,994,389	5,366,316
Accumulated depreciation	<u>(4,085,604)</u>	<u>(3,811,613)</u>
	<u>\$ 1,908,785</u>	<u>\$ 1,554,703</u>

Depreciation expense for the years ended June 30, 2021 and 2020, was \$280,491 and \$235,314, respectively.

### **NOTE 9      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, 2021 and 2020, the estimated fair market value of the Foodbank's interest in the Fund was \$578,729 and \$365,541, 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 10 BOARD DESIGNATED NET ASSETS**

As part of the Foodbank's strategic plan, the Board of Trustees has established the following designated funds:

Operating reserve	\$ 3,041,644
Building purchase fund	3,581,450
Building maintenance fund	1,000,000
Quasi-endowment fund	<u>6,000,000</u>
Total board designated funds	<u>\$ 13,623,094</u>

**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2021	2020
<i>Restricted for Specific Purpose</i>		
Government food program – USDA food inventory	\$ 570,079	\$ 190,483
Equipment	-	245,061
Special event sponsorships	30,000	10,000
Safety and disaster	-	16,187
Endowment	410	205
	<u>600,489</u>	<u>461,936</u>
<i>Restricted for Time</i>		
Pledge receivable for facility leases	181,284	297,761
Pledge receivable for loan forgiveness – City of Santa Maria	-	72,000
Unrestricted grants receivable	592,747	-
Unrestricted pledges and bequest receivable	<u>267,465</u>	<u>639,191</u>
Total	<u>\$ 1,641,985</u>	<u>\$ 1,470,888</u>

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

	2021	2020
Endowment	<u>\$ 5,379</u>	<u>\$ 5,379</u>

**NOTE 12      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, 2021, 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 13      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 two 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 2021 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>
2022	\$ 19,076	\$ 55,000	\$ 74,076
2023	19,076	55,000	74,076
2024	2,796	43,000	45,796
2025	-	31,000	31,000
2026	-	-	-
Thereafter	-	-	-
Totals	<u>\$ 40,948</u>	<u>\$ 184,000</u>	<u>\$ 224,948</u>

**NOTE 14      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, 2021 and 2020, the Foodbank contributed \$69,000 and \$111,000, 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, 2021, with the chief executive officer becoming fully vested in his 457(f) deferred compensation plan in the same year.

As of June 30, 2021, the asset and related liability of the 457(b) plan in the amount of \$213,583 are recorded in other assets and liabilities on the statement of financial position.

**NOTE 15      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 16      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, 2021, the endowment comprised of \$6,000,000 of net assets designated by the board of trustees and \$5,789 of net assets with donor restrictions.

Changes in designated endowment net assets for the fiscal years ended June 30, 2021 are as follows:

	<u>Without Donor Restriction</u>
Balance at June 30, 2020	\$ -
Contributions	<u>6,000,000</u>
Balance at June 30, 2021	<u>\$ 6,000,000</u>

Changes in endowment net assets for the fiscal years ended June 30, 2021 are as

follows:

	<u>With Donor Restriction</u>		
	Temporary	Perpetual	Total
Balance at June 30, 2020	\$ 205	\$ 5,379	\$ 5,584
Investment income	<u>205</u>	<u>-</u>	<u>205</u>
Balance at June 30, 2021	<u>\$ 410</u>	<u>\$ 5,379</u>	<u>\$ 5,789</u>

**NOTE 17 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:

	Level 1	Level 2	Level 3
Money market funds (cost)	\$ 64,024	\$ -	\$ -
Commodity mutual funds	56,040	-	-
Real estate mutual funds	179,213	-	-
Fixed income mutual funds	4,996,236	-	-
Common stocks	3,068,666	-	-
Corporate bonds	794,122	-	-
Long-term certificates of deposit	514,527	-	-
Beneficial interest in assets held by others	-	578,729	-
Pledges and bequests receivable	-	-	448,749
	<u>\$ 9,672,828</u>	<u>\$ 578,729</u>	<u>\$ 448,749</u>

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, 2021.

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, 2021:

Pledges and Bequests Receivable:

Balance at Beginning of Year	\$ 1,068,952
Additions	451,607
Collections	(1,107,614)
Fair value adjustments	<u>35,804</u>
Balance at End of Year	<u>\$ 448,749</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.

As part of the COVID-19 response, the National Guard provided 32,399 volunteer hours



for donated food pickup, processing donated food and delivery of donated food to program participants.

**NOTE 19      SUBSEQUENT EVENTS**

Management has evaluated events through November 22, 2021, which is the date the financial statements were available to be issued. Other than described below there were no subsequent events requiring disclosure.

Subsequent to June 30, 2021 the Foodbank purchased a building located in Goleta, California. The purchase price was \$12,700,000 and is planned to be used for food warehousing and administration offices.

In association with the purchase of the building the Foodbank entered into a \$9,500,000 promissory note with Montecito Bank & Trust. The note is secured by a deed of trust on the purchased building. The note matures November 5, 2031, carries a variable interest rate based on the average yield on the U.S. Treasury Securities adjusted to a constant maturity of 3 years as published by the Federal Reserve plus a margin of 2.350 percentage points with a minimum annual interest rate is 2.850%. The note requires the Foodbank to make following payments:

- 24 monthly interest only payments beginning December 5, 2021 calculated using the unpaid principal balance and an interest rate of 2.850%
- 60 consecutive principal and interest payments beginning December 5, 2023 with interest calculated on the unpaid principal balances using an interest rate of 2.850%
- 35 consecutive principal and interest payments beginning December 5, 2028 with interest calculated on the unpaid principal balances using an interest rate based on the index plus a margin of 2.350 percentage points
- 1 final payment to be made November 5, 2031 for any unpaid principal and accrued interest not yet paid.

The Foodbank plans to initiate a capital campaign in relation to the purchase of the building and payment of the related note payable.