



*Reports of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information*

Central California Food Bank and Subsidiary

June 30, 2019

Table of Contents

REPORT OF INDEPENDENT AUDITORS	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Activities	6
Consolidated Statement of Functional Expenses	7
Consolidated Statement of Cash Flows	8
Notes to Financial Statements	9
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23
SINGLE AUDIT REPORTS	
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	25
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	27
Schedule of Findings and Questioned Costs	29
Summary Schedule of Prior Audit Findings	31

OTHER INFORMATION

Consolidating Statement of Financial Position.....33

Consolidating Statement of Activities.....34

Consolidating Statement of Cash Flows35

Report of Independent Auditors

To the Board of Directors
Central California Food Bank and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Central California Food Bank (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Central California Food Bank and Subsidiary as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, Central California Food Bank and Subsidiary adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, methods used to allocate costs to programmatic and other support information, and direction for consistency about information provided on investment return. The adoption of the standard resulted in additional footnote disclosures and changes to the disclosures related to net assets. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Information

The consolidating statement of financial position, consolidating statement of activities, and the consolidating statement of cash flows on pages 33 - 35 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2020, on our consideration of Central California Food Bank and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central California Food Bank and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central California Food Bank and Subsidiary's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to be 'M. Allen' followed by a stylized flourish.

Fresno, California
January 16, 2020

Consolidated Financial Statements

Central California Food Bank and Subsidiary
Consolidated Statement of Financial Position
June 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 555,995
Investments in mutual funds	229,744
Accounts receivable	108,418
Grants receivable	466,244
Current portion of pledges receivable	141,359
Inventory	5,633,215
Prepaid expenses	58,137
Restricted cash	430,840

Total current assets	<u>7,623,952</u>
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PROPERTY AND EQUIPMENT, net

8,959,975

OTHER ASSETS

Loan receivable	5,951,440
Pledges receivable, net of current portion	105,000

Total other assets	<u>6,056,440</u>
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Total assets	<u><u>\$ 22,640,367</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 517,263
Accrued expenses	247,558
Deferred revenue	29,823
Current portion on notes payable	8,033

Total current liabilities	802,677
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NOTES PAYABLE, net of current portion

10,451,885

Total liabilities	<u>11,254,562</u>
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NET ASSETS

Without donor restriction	11,069,209
With donor restriction	316,596

Total net assets	<u>11,385,805</u>
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Total liabilities and net assets	<u><u>\$ 22,640,367</u></u>
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Central California Food Bank and Subsidiary
Consolidated Statement of Activities
Year Ended June 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions – commodities	\$ 54,254,150	\$ -	\$ 54,254,150
Grants – commodities	5,438,828	-	5,438,828
Grants – operations and administrative	1,473,488	-	1,473,488
Contributions – other	2,110,878	981,274	3,092,152
Fundraising and direct mail campaigns	1,195,943	-	1,195,943
Agency fees and charges	1,171,277	-	1,171,277
Gain on sale of assets	1,000	-	1,000
Interest and dividend income, net of expense	60,340	-	60,340
	<u>65,705,904</u>	<u>981,274</u>	<u>66,687,178</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payment of related expenses	958,349	(958,349)	-
	<u>66,664,253</u>	<u>22,925</u>	<u>66,687,178</u>
EXPENSES			
Program services	62,242,313	-	62,242,313
Supporting services			
Management and general	849,422	-	849,422
Fundraising	1,006,960	-	1,006,960
	<u>64,098,695</u>	<u>-</u>	<u>64,098,695</u>
Change in net assets	2,565,558	22,925	2,588,483
NET ASSETS, beginning of year	<u>8,503,651</u>	<u>293,671</u>	<u>8,797,322</u>
NET ASSETS, end of year	<u>\$ 11,069,209</u>	<u>\$ 316,596</u>	<u>\$ 11,385,805</u>

Central California Food Bank and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contributed commodities	\$ 57,313,943	\$ -	\$ -	\$ 57,313,943
Salaries and related expenses	1,790,344	439,044	400,781	2,630,169
Purchased commodities	944,860	-	-	944,860
Outside services	168,126	41,229	406,169	615,524
Supplies and materials	430,156	9,847	8,991	448,994
Depreciation	338,954	37,662	-	376,616
Repairs and maintenance	281,118	-	-	281,118
Freight, fuel, and transportation	274,678	-	-	274,678
Interest expense	161,714	75,857	-	237,571
Professional fees	70,030	127,775	15,677	213,482
Office expenses	136,384	23,596	21,539	181,519
Rents	72,086	17,677	16,137	105,900
Special events	-	-	92,225	92,225
Dues and subscriptions	62,009	29,088	-	91,097
Insurance	56,335	13,815	12,611	82,761
Utilities	38,602	9,468	8,641	56,711
Accounting and auditing	29,185	7,157	6,533	42,875
Travel and meetings	28,077	6,885	6,285	41,247
Telephone	25,025	6,137	5,602	36,764
Seminars, training, and workshops	17,067	4,185	3,821	25,073
Miscellaneous	3,620	-	1,948	5,568
	<u>\$ 62,242,313</u>	<u>\$ 849,422</u>	<u>\$ 1,006,960</u>	<u>\$ 64,098,695</u>

Central California Food Bank and Subsidiary
Consolidated Statement of Cash Flows
Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,588,483
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	376,616
Gain on disposal of assets	(1,000)
Debt issuance interest expense	7,824
Contributed commodities	(56,243,970)
Distribution of contributed commodities	54,121,705
Contributed commodities - grants	(5,438,828)
Distribution of contributed commodities - grants	4,574,022
Interest and dividend income, reinvested	(6,534)
Change in operating assets and liabilities:	
Receivables	1,066,427
Inventory	(148,196)
Prepaid expenses	6,751
Deposits	21,786
Accounts payable	143,760
Accrued expenses	33,132
Deferred revenue	(20,177)
	<u>1,081,801</u>
Net cash from operating activities	<u>1,081,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments in mutual funds	(7,729)
Proceeds from sales of investments in mutual funds	7,878
Purchase of property and equipment	(1,735,371)
Proceed from sales of property and equipment	1,000
	<u>(1,734,222)</u>
Net cash from investing activities	<u>(1,734,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on notes payable	<u>(1,008,159)</u>
	(1,660,580)
Net change in cash, cash equivalents, and restricted cash	(1,660,580)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>2,647,415</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 986,835</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO STATEMENT OF FINANCIAL POSITION	
Cash and cash equivalents	\$ 555,995
Restricted cash	<u>430,840</u>
	<u>\$ 986,835</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 986,835</u>
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION	
Cash paid during the year for interest	\$ 115,619

Central California Food Bank and Subsidiary

Notes to Financial Statements

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Central California Food Bank is a California nonprofit corporation established to conduct a program that provides food pantries and agencies of Fresno, Madera, Tulare, Kern, and Kings counties with an organizational resource whose volume purchasing, warehousing, and food product management capacity efficiently and effectively deliver food and goods.

Food and commodities are donated by the general public and government agencies. Revenues are primarily derived from fundraising, direct mail campaigns, grants, and contributions.

Central California Food Bank is affiliated with the national network of food banks known as Feeding America.

CCFB Real Estate, Inc., is a California nonprofit corporation established in May 2018 for the purpose of performing the charitable functions of Central California Food Bank and to complete the New Markets Tax Credit (NMTC) financing to purchase office and warehouse facilities located at 4010 East Amendola Drive, Fresno, California (CCFB RE Property).

Principles of consolidation – The financial statements include the accounts for Central California Food Bank (CCFB), and CCFB Real Estate, Inc. (CCFB RE), (collectively the Organization) and have been consolidated in accordance with accounting principles generally accepted in the United States of America. The financial statements of the entities are consolidated because they are under common control and resources are shared between entities. All material intercompany transactions and balances have been eliminated.

A portion of the proceeds from the Northern California Community Loan Fund (NCCLF) A Loan and the NCCLF B Loan were used by CCFB RE to acquire the CCFB RE Property. The balance of the funds is being used by CCFB RE to renovate and improve the CCFB RE Property.

Recently implemented pronouncement – During fiscal year ended June 30, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; recognition of underwater endowment funds as a reduction in net assets with donor restrictions; and reporting investment income net of external and direct internal investment expenses. The guidance also enhances disclosures for board designated amounts, compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the statement of financial position date, and expenses by both their natural and functional classification, including methods used to allocate costs among program and support functions and underwater endowments.

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

Without Donor Restrictions – Net assets not subject to use or time restrictions. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Central California Food Bank and Subsidiary Notes to Financial Statements

With Donor Restrictions – Defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Net assets with donor restrictions represent amounts collected by the Organization to be utilized for specific purposes such as their backpack program, advertising campaigns, and diaper program. Restrictions on net assets are usually met within a year of receiving the amount restricted. Net assets with donor restrictions at June 30, 2019, totaled \$316,596. Net assets released from restrictions during the year ended June 30, 2019, totaled \$958,349.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Method of accounting – The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Organization's method of valuation for commodities donated from the general public is considered a significant estimate.

Cash and cash equivalents – For purposes of reporting the consolidated statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk – The Organization maintains cash balances in financial institutions. Noninterest bearing accounts are aggregated with interest bearing accounts and are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2019, uninsured cash balances totaled \$384,246.

Fair value of financial instruments – The carrying values of cash and cash equivalents, promises to give and other receivables, inventory, and prepaid expenses, approximate fair value because of the terms and relative short maturity.

Investment in mutual funds – Investments in mutual funds consist of two open-end mutual funds and are carried at fair value. These investments are covered by the Securities Investor Protection Corporation up to \$500,000 (including \$100,000 of cash). Investment income and unrealized gains and losses are included in the change in net assets.

Accounts, pledges, and grants receivable – Accounts receivable consist primarily of shared maintenance fees charged to agencies. Receivables are written off through an allowance for doubtful accounts when the Organization determines the payments will not be received. There was no allowance for doubtful accounts at June 30, 2019. All accounts receivable are noninterest bearing.

Grants receivable consist of amounts due from funding sources for services performed under cost reimbursement grants or contracts. Grants receivable are considered fully collectible and, therefore, no allowance for doubtful accounts has been reported.

Central California Food Bank and Subsidiary

Notes to Financial Statements

Inventory – Inventory consists of donated food and nonfood items, purchased food, and commodities received from the United States Department of Agriculture (USDA) and California Department of Social Services (CDSS). The USDA, as passed through the CDSS, contributes commodities to the Organization. USDA commodities are valued based on published USDA prices. CDSS provides additional food assistance to communities with high levels of unemployment due to the drought. The Drought Food Assistance Program (DFAP) was established and those commodities are valued based on estimated CDSS prices.

Donated inventory is valued based on a product valuation survey conducted for Feeding America.

Purchased food is valued at the latest purchase price.

Restricted cash – Restricted cash is maintained in bank controlled accounts for contingency and fee reserves specifically related for the NMTC transaction.

Property and equipment – It is the Organization's policy to capitalize property and equipment over \$2,500. Purchased property and equipment is capitalized at cost, donated property and equipment is recorded at fair value. Contributions of property and equipment are recorded without restriction donor restriction support, unless the donor stipulates how long the assets must be used. Expenditures that increase the life of the related assets are capitalized. Repairs and maintenance, including planned major maintenance activities, are charged to operations when incurred. Leasehold improvements are depreciated over the lesser of the remaining lease agreement or the estimated useful life. Depreciation is computed using the straight-line method over the following estimated useful lives:

Furnishings, equipment, and vehicles	3 to 10 years
Building and leasehold improvements	5 to 39 years

Long-lived assets – Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment losses were recognized during the year ended June 30, 2019.

Loan receivable – Loan receivable is stated at the unpaid principal balance less an allowance for note losses. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experience, adverse situations that may affect the borrower's ability to repay and current economic conditions. There was no allowance recorded at June 30, 2019.

Interest on the loan is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Loans are placed on nonaccrual when management believes that the loans are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income generally is not recognized on impaired loans unless the likelihood of further loss is remote. Interest payments received on impaired loans are applied as a reduction of the loan principal balances.

Central California Food Bank and Subsidiary Notes to Financial Statements

Donated goods and services – The Organization reports the fair value of donated commodities over which it has control as without restriction public support and, shortly thereafter, as expense when distributed. During the year ended June 30, 2019, the Organization received approximately 33.49 million pounds and distributed approximately 30.27 million pounds. The approximate average wholesale value of one pound of donated product was determined to be \$1.62 based upon a product valuation study performed by Feeding America. The dollar amount of the received and distributed pounds is approximately \$54,250,000 and \$49,034,000, respectively, and is reported in the consolidated statement of activities.

Contributions of noncash assets are utilized by the Organization in providing services and are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A number of unpaid volunteers have made significant contributions of their time to the Organization. However, the values of these services are not reflected in these financial statements since the recognition criteria was not met.

Grant revenue – Revenues earned from contracts and grants with state and federal agencies are considered to be exchange transactions. Revenue from exchange transactions are reported gross of any related expense in the accompanying consolidated financial statements.

Contributions and promises to give – Unconditional contributions, including promises to give at estimated net realizable value, are recognized as revenue in the period received.

Advertising costs – Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. Advertising costs were \$58,751 during the year ended June 30, 2019.

Functional expenses – The costs of providing the Organization's food programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Indirect or shared costs are allocated among program, support services and fundraising by a method that measures the relative degree of benefit, such as hours worked. Accordingly, certain costs have been allocated to program, supporting services, and fundraising benefited.

Fundraising expenses – Fundraising expenses are expensed as incurred. Revenue from fundraising events is recognized in the period in which the event takes place.

Income taxes – Central California Food Bank is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code (IRC) and section 23701(d) of the State of California Corporate Code.

CCFB Real Estate, Inc., has applied for tax exemption under section 501(c)(3) of the Internal Revenue Code (IRC) and section 23701(d) of the State of California Corporate Code.

Uncertain tax positions – The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its consolidated financial statements include any uncertain tax positions.

Central California Food Bank and Subsidiary

Notes to Financial Statements

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

The Organization has evaluated subsequent events through January 16, 2020, which is the date the consolidated financial statements were available to be issued.

NOTE 2 – INVESTMENTS IN MUTUAL FUNDS

Investments in mutual funds carried at fair value consisted of the following at June 30, 2019:

Mutual funds:		
Lord Abbett Short Duration Income Fund	\$	75,585
Eaton Vance Low Duration Fund		<u>154,159</u>
	<u>\$</u>	<u>229,744</u>

During the year ended June 30, 2019, interest and dividend income, net of investment fees, was \$60,340.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization’s investments are reported at fair value in the accompanying consolidated statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2019:

	Assets at Fair Value as of June 30, 2019			Total
	Level 1	Level 2	Level 3	
Mutual funds				
Fixed income funds	<u>\$ 229,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,744</u>
Total assets at fair value	<u>\$ 229,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,744</u>

Central California Food Bank and Subsidiary

Notes to Financial Statements

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

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 inactive markets, 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.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were available to the Organization.

Level 1 fair value measurements – The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year end on the active market where the funds are traded.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2019:

Pledges receivable in less than one year	\$	141,359
Pledges receivable in one to five years		<u>105,000</u>
	\$	<u><u>246,359</u></u>

No discount to net present value was considered necessary as the majority of pledges were collected in the subsequent year and net realizable value is considered a reasonable estimate of fair value.

Central California Food Bank and Subsidiary

Notes to Financial Statements

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019:

Building	\$ 6,383,984
Building and leasehold improvements	1,288,549
Vehicles	1,319,152
Equipment	654,203
Office equipment and furnishings	268,914
Acquisition costs	<u>321,975</u>
	10,236,777
Less accumulated depreciation	<u>(2,081,023)</u>
	8,155,754
Construction in progress	<u>804,221</u>
	<u>\$ 8,959,975</u>

Construction in progress consists of leasehold improvements to cold storage equipment. Once the project is completed, the costs are reclassified to the appropriate asset class and depreciated over the estimated useful life.

Depreciation expense for the year ended June 30, 2019, was \$376,616.

NOTE 6 – INVENTORY

The Organization's inventory as of June 30, 2019, consisted of the following:

Donated commodities	\$ 3,998,155
USDA/CDSS commodities	1,383,139
Purchased commodities	<u>251,921</u>
	<u>\$ 5,633,215</u>

NOTE 7 – LOAN RECEIVABLE

On June 28, 2018, the Organization made a loan to Chase NMTC CFB Investment Fund, LLC (Investment Fund), in the amount of \$5,951,440 (Leverage Loan). Security for the Leverage Loan is the membership interest in the Investment Fund. Interest on the Leverage Loan earns a per annum rate of 1%, with interest only payments commencing in September 2018, and quarterly thereafter until September 2026. Principal and interest payments begin in December 2026, and quarterly thereafter. The Leverage Loan matures September 2036.

Central California Food Bank and Subsidiary Notes to Financial Statements

NOTE 8 – NEW MARKET TAX CREDITS

In June 2018, the Organization arranged New Market Tax Credit (NMTC) financing as partial funding for the purchase of office and warehouse facilities located at 4010 East Amendola Drive, Fresno, California (CCFB RE Property).

NMTC is a program of the Community Development Financial Institutions Funds (CDFI), a division of the U.S. Department of the Treasury. Under the NMTC program, banks and other qualifying institutions make qualified equity investments (QEI) in Community Development Entities (CDEs) that have been certified and granted allocations by the CDFI of federal income tax credits. The funds provided by these investors are used as a means of providing favorable debt or equity financing to qualified borrowers in connection with qualifying projects located in low-income communities. The QEI cannot be redeemed for a minimum of seven years (Compliance Period), during which time substantially all of the QEI must be invested in qualified low income community investments, the majority of which take the form of investments in borrowers that must maintain their status as a qualified active low income business, as specified in the U.S. Treasury Regulations.

In connection with the purchase of the CCFB RE, Northern California Community Loan Fund (NCCLF) NMTC Sub-CDE 18, LLC, a single purpose CDE certified by the CDFI, made a promissory note in the amount of \$5,951,440 (NCCLF A Loan) and a promissory note in the amount of \$2,584,560 (NCCLF B Loan) to CCFB RE. Both the NCCLF A Loan and the NCCLF B Loan (collectively, NCCLF Loans) are secured by trust deeds on the CCFB RE Property.

Funding for the NCCLF Loans was provided by a \$8,800,000 QEI made by Chase NMTC CFB Investment Fund, LLC (Chase Fund), to NCCLF CDE. Chase Fund obtained the funds to make the QEI via a \$5,951,440 leverage loan by Central California Food Bank (Note 6) and funding provided via a net equity investment, in the amount of \$2,848,560 by a tax credit investor.

Central California Food Bank and Subsidiary

Notes to Financial Statements

NOTE 9 – NOTES PAYABLE

Notes payable consisted of the following at June 30, 2019:

Note payable to NCCLF NMTC Sub-CDE 18, LLC, payable in quarterly interest only payments for the compliance period starting September 2018, through December 2026, after which, quarterly principle and interest payments of \$110,365 are due beginning March 2027, including a fixed interest rate of 1.219% through maturity, maturing September 2041, secured by the Organization's land, building, and equipment.	\$ 5,951,440
Note payable to NCCLF NMTC Sub-CDE 18, LLC, payable in quarterly interest only payments for the compliance period starting September 2018, through December 2026, after which, quarterly principle and interest payments of \$47,929 are due beginning March 2027, including a fixed interest rate of 1.219% through maturity, maturing September 2041, secured by the Organization's land, building, and equipment.	2,584,560
Note payable to Northern California Community Loan Fund, payable in monthly interest only payments starting August 2018, through July 2021, after which, monthly principle and interest payments of \$13,547 are due beginning August 2021, including a fixed interest rate of 5.50% through maturity, maturing January 2026, secured by the Organization's land, building, and equipment.	1,955,697
Note payable to CIT Bank N.A., payable in monthly principle and interest payments of \$764, including a fixed interest rate of 6.75% through maturity, maturing November 2021, secured by underlying equipment.	<u>19,732</u>
	10,511,429
Less current portion	<u>(8,033)</u>
Notes payable, net of current portion	<u><u>\$ 10,503,396</u></u>

Annual maturities of notes payable as of June 30, 2019, are as follows:

<u>Year ending June 30,</u>	
2020	\$ 8,033
2021	368,794
2022	417,278
2023	437,535
2024	462,215
Thereafter	<u>8,817,574</u>
	<u><u>\$ 10,511,429</u></u>

Debt issuance costs – The Organization, in accordance with FASB ASC 835-30, presents debt issuance costs as a reduction of the carrying amount of the debt rather than an asset. Amortization of the debt issuance costs is reported as interest expense in the consolidated statement of activities.

Central California Food Bank and Subsidiary Notes to Financial Statements

Notes payable at June 30, 2019, was presented in the consolidated statement of financial position as follows:

Notes payable	\$ 10,511,429
Less unamortized debt issuance costs	<u>(51,511)</u>
Notes payable, less unamortized debt issuance costs	10,459,918
Less current portion	<u>(8,033)</u>
Notes payable, net of current portion	<u><u>\$ 10,451,885</u></u>

NOTE 10 – GRANT REVENUE

Grant revenue is recognized when expenditures are incurred in accordance with the applicable grant agreements. The Organization also receives commodities from the USDA and CDSS. Revenues for these contributions are recognized when the commodities are received. Grant revenue for the year ended June 30, 2019, consisted of the following:

Agency or Organization	
Federal grants	
USDA – commodities, distributed	\$ 4,572,304
USDA – beginning inventory	(516,511)
USDA – ending inventory	<u>1,383,035</u>
USDA – commodities, received	5,438,828
USDA – cost reimbursements	407,234
Department of Homeland Security	190,575
Diaper Program	431,237
California Nutrition Network	<u>61,956</u>
Total federal grants	6,529,830
Nonfederal grants	
Administrative cost reimbursements	344,445
California Nutrition Network	<u>38,041</u>
Total nonfederal grants	<u>382,486</u>
	<u><u>\$ 6,912,316</u></u>

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. There are no pending audit adjustments from grantor agencies at this time.

Central California Food Bank and Subsidiary

Notes to Financial Statements

NOTE 11 – FUNDRAISING AND DIRECT MAIL CAMPAIGNS

The Organization conducts various fundraising events and direct mail campaigns. Revenue from fundraising and direct mail campaigns for the year ended June 30, 2019, is as follows:

<u>Event or Campaign</u>	
Cultivation and acquisition mailings	\$ 761,977
Various	<u>433,966</u>
	<u>\$ 1,195,943</u>

NOTE 12 – EMPLOYEE RETIREMENT PROGRAM

The Organization has a defined contribution retirement plan. Eligibility is based upon age and service requirements. Participants of the plan are allowed to make before-tax contributions and the Organization may make additional contributions to the plan on the participants' behalf. Retirement expense for the year ended June 30, 2019, was \$60,868.

NOTE 13 – LEASE COMMITMENTS

In connection with the NMTC, CCFB entered into an agreement for leased property including a building and equipment, from CCFB RE for the purpose of housing their operations. The lease calls for quarterly payments beginning December 1, 2018, through September 1, 2041. The future annual minimum lease payments under the lease are \$85,000 for each of the years ending June 30, 2020, through 2025. The future annual minimum lease payments escalate to \$545,000 starting the year ending June 30, 2026, and increase approximately \$20,000 each year thereafter, through 2035. The future annual minimum lease payments escalate to \$735,000 starting the year ending June 30, 2036, through 2041. Total rent expense included in the consolidated statement of functional expenses for the year ended June 30, 2019, was \$105,900.

NOTE 14 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Central California Food Bank and Subsidiary Notes to Financial Statements

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2019:

Financial assets	
Cash	\$ 555,995
Investments in mutual funds – at fair value	229,744
Accounts receivable	108,418
Grants receivable	466,244
Pledges receivable	246,359
Restricted cash	430,840
Loan receivable	<u>5,951,440</u>
Financial assets, at June 30, 2019	7,989,040
Less those unavailable for general expenditure within one year, due to:	
Noncurrent portion of pledges receivable	105,000
Noncurrent portion of loan receivable	5,951,440
Restricted cash for capital improvements and required reserve	<u>430,840</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,501,760</u>

The Organization's spending policy is to structure its financial assets to be available for operations, capital assets, and opportunities to enhance the Organization's mission. Feeding America requires the Organization to demonstrate unrestricted cash reserves equal to or greater than an average quarter's cash operating expenses or demonstrate positive working capital in each of the two preceding fiscal years. At June 30, 2019, the Organization was in compliance with this requirement.

Supplementary Information

Central California Food Bank and Subsidiary
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA #	Pass-through Entity Identifying #	Federal Expenditures
Food Distribution Cluster			
U.S. Department of Agriculture			
Passed through California State Department of Social Services:			
Emergency Food Assistance Program – administrative costs	10.568	15-MOU-00114	\$ 407,234
Emergency Food Assistance Program – commodities	10.569	15-MOU-00114	<u>4,572,304</u>
Total Food Distribution Cluster			4,979,538
SNAP Cluster			
U.S. Department of Agriculture			
Passed through California Association of Food Banks:			
State Administrative Matching Grants for Food Stamp Program	10.561	18-7013	<u>61,956</u>
Total U.S. Department of Agriculture			<u>5,041,494</u>
Other Programs			
U.S. Department of Homeland Security			
Direct Award:			
Emergency Food and Shelter National Board Program	97.024	Phase 35 & 36	<u>190,575</u>
Total U.S. Department of Homeland Security			<u>190,575</u>
Total Expenditures of Federal Awards			<u>\$ 5,232,069</u>

Central California Food Bank and Subsidiary
Notes to Schedule of Expenditures of Federal Awards
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Central California Food Bank and Subsidiary (the Organization) reported on the accrual basis of accounting for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the consolidated financial position, changes in net assets, or cash flows of the Organization.

Relationship to financial reports – Information included in the accompany Schedule is in substantial agreement with the information reported in the related federal financial reports for major programs.

Program costs – The Organization's expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

Subrecipients – The Organization does not pass through funds to subrecipients.

Indirect costs – The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Single Audit Reports

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Central California Food Bank and Subsidiary

We have audited, 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, the consolidated financial statements of Central California Food Bank and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 16, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that was considered to be a significant deficiency.

Compliance and Other Matters

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

Central California Food Bank and Subsidiary's Response to Finding

Central California Food Bank and Subsidiary's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Central California Food Bank and Subsidiary's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Fresno, California
January 16, 2020

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Central California Food Bank and Subsidiary

Report on Compliance for the Major Federal Program

We have audited Central California Food Bank and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Central California Food Bank and Subsidiary's major federal program for the year ended June 30, 2019. Central California Food Bank and Subsidiary's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance on the major federal program. However, our audit does not provide a legal determination of Central California Food Bank and Subsidiary's compliance.

Opinion on the Major Federal Program

In our opinion, Central California Food Bank and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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



Fresno, California
January 16, 2020

Central California Food Bank and Subsidiary
Schedule of Findings and Questioned Costs
June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None reported

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

Yes No

Identification of Major Federal Program

<i>CFDA Number</i>	<i>Name of Federal Program/Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Program</i>
10.568 & 10.569	U.S. Department of Agriculture – Emergency Food Assistance Program – Food Distribution Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as "low-risk auditee"?

Yes No

Central California Food Bank and Subsidiary
Schedule of Findings and Questioned Costs
June 30, 2019

Section II – Financial Statement Findings

Finding 2019-001 – Internal controls over financial closing and reporting (significant deficiency in internal control)

Criteria – An internal control policy is implemented over the relevant financial reporting cycles to ensure accurate and complete financial closing and reporting when key members of management change.

Condition – Internal controls were not followed to ensure all year-end financial reporting and closing procedures were performed, resulting in material audit adjustments.

Context – While performing tests of detail over financial statement line item balances, we discovered errors. The material entries that were proposed included an adjustment of approximately \$2.15 million to revenue and expense to decrease the value of donated commodities received and distributed and an adjustment of approximately \$255,000 to recognize depreciation expense not recorded.

Effect – Account balances were misstated, in particular, accumulated depreciation, contribution revenue, cost of commodities distributed, and depreciation expense.

Cause – The Accounting Manager who oversaw the financial closing and reporting process left the Organization at the end of the fiscal year and the organization did not have a formal year-end closing checklist for the department to follow.

Recommendation – We recommend management document and formalize an internal control policy over all relevant financial reporting cycles to ensure all year-end adjustments are recorded and procedures are followed.

Management's response – Management agrees with the auditor's recommendation. The Director of Finance is finalizing an internal control policy for all reporting cycles. The internal control policy has been completed for the monthly closing cycle. The policies will include a year-end checklist and standard operating procedures (SOPs) for the department to follow. The internal control policy will be distributed to all departmental staff to ensure all year-end adjustments are recorded and procedures are followed.

Section III – Federal Award Findings and Questioned Costs

None reported.

Central California Food Bank and Subsidiary
Summary Schedule of Prior Audit Findings
June 30, 2019

None reported.

Other Information

Central California Food Bank and Subsidiary
Consolidating Statement of Financial Position
June 30, 2019

	Central California Food Bank	CCFB Real Estate, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 457,849	\$ 98,146	\$ -	\$ 555,995
Investments in mutual funds	229,744	-	-	229,744
Investment in subsidiary	386,579	-	(386,579)	-
Accounts receivable	108,418	-	-	108,418
Grants receivable	466,244	-	-	466,244
Current portion of pledges receivable	141,359	-	-	141,359
Inventory	5,633,215	-	-	5,633,215
Prepaid expenses	58,137	-	-	58,137
Restricted cash	-	430,840	-	430,840
	<u>7,481,545</u>	<u>528,986</u>	<u>(386,579)</u>	<u>7,623,952</u>
Total current assets				
PROPERTY AND EQUIPMENT, net	<u>999,610</u>	<u>7,960,365</u>	<u>-</u>	<u>8,959,975</u>
OTHER ASSETS				
Loan receivable	5,951,440	-	-	5,951,440
Pledges receivable, net of current portion	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>105,000</u>
Total other assets	<u>6,056,440</u>	<u>-</u>	<u>-</u>	<u>6,056,440</u>
Total assets	<u>\$ 14,537,595</u>	<u>\$ 8,489,351</u>	<u>\$ (386,579)</u>	<u>\$ 22,640,367</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 517,263	\$ -	\$ -	\$ 517,263
Accrued payroll and related expenses	247,558	-	-	247,558
Deferred revenue	29,823	-	-	29,823
Current portion of notes payable	<u>8,033</u>	<u>-</u>	<u>-</u>	<u>8,033</u>
Total current liabilities	802,677	-	-	802,677
NOTES PAYABLE, net of current portion	<u>1,915,885</u>	<u>8,536,000</u>	<u>-</u>	<u>10,451,885</u>
Total liabilities	<u>2,718,562</u>	<u>8,536,000</u>	<u>-</u>	<u>11,254,562</u>
NET ASSETS				
Without donor restriction	11,502,437	(46,649)	(386,579)	11,069,209
With donor restriction	<u>316,596</u>	<u>-</u>	<u>-</u>	<u>316,596</u>
Total net assets	<u>11,819,033</u>	<u>(46,649)</u>	<u>(386,579)</u>	<u>11,385,805</u>
Total liabilities and net assets	<u>\$ 14,537,595</u>	<u>\$ 8,489,351</u>	<u>\$ (386,579)</u>	<u>\$ 22,640,367</u>

Central California Food Bank and Subsidiary
Consolidating Statement of Activities
Year Ended June 30, 2019

	Central California Food Bank		CCFB Real Estate, Inc.	Eliminations	Total
	Without Donor Restriction	With Donor Restriction	Without Donor Restriction		
REVENUES, GAINS, AND OTHER SUPPORT					
Contributions – commodities	\$ 54,254,150	\$ -	\$ -	\$ -	\$ 54,254,150
Grants – commodities	5,438,828	-	-	-	5,438,828
Grants – operations and administrative	1,473,488	-	-	-	1,473,488
Contributions – other	2,110,878	981,274	-	-	3,092,152
Fundraising and direct mail campaigns	1,195,943	-	-	-	1,195,943
Agency fees and charges	1,171,277	-	-	-	1,171,277
Gain on sale of assets	1,000	-	-	-	1,000
Interest and dividend income, net of expense	54,408	-	5,932	-	60,340
Rental income	-	-	63,750	(63,750)	-
	<u>65,699,972</u>	<u>981,274</u>	<u>69,682</u>	<u>(63,750)</u>	<u>66,687,178</u>
NET ASSETS RELEASED FROM RESTRICTIONS					
Restrictions satisfied by payment of related expenses	958,349	(958,349)	-	-	-
	<u>66,658,321</u>	<u>22,925</u>	<u>69,682</u>	<u>(63,750)</u>	<u>66,687,178</u>
EXPENSES					
Program services	61,957,543	-	328,164	(43,394)	62,242,313
Supporting services					
Management and general	685,064	-	175,000	(10,642)	849,422
Fundraising	1,016,674	-	-	(9,714)	1,006,960
	<u>63,659,281</u>	<u>-</u>	<u>503,164</u>	<u>(63,750)</u>	<u>64,098,695</u>
Change in net assets	2,999,040	22,925	(433,482)	-	2,588,483
NET ASSETS, beginning of year					
Capital contribution, CCFB Real Estate, Inc.	8,503,397	293,671	285,176	(284,922)	8,797,322
	<u>-</u>	<u>-</u>	<u>101,657</u>	<u>(101,657)</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 11,502,437</u>	<u>\$ 316,596</u>	<u>\$ (46,649)</u>	<u>\$ (386,579)</u>	<u>\$ 11,385,805</u>

Central California Food Bank and Subsidiary
Consolidating Statement of Cash Flows
Year Ended June 30, 2019

	Central California Food Bank	CCFB Real Estate, Inc.	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 3,021,965	\$ (433,482)	\$ -	\$ 2,588,483
Adjustments to reconcile change in net assets to net cash from operating activities:				
Depreciation	122,022	254,594	-	376,616
Gain on disposal of assets	(1,000)	-	-	(1,000)
Debt issuance interest expense	7,824	-	-	7,824
Contributed commodities	(56,243,970)	-	-	(56,243,970)
Distribution of contributed commodities	54,121,705	-	-	54,121,705
Contributed commodities - grants	(5,438,828)	-	-	(5,438,828)
Distribution of contributed commodities - grants	4,574,022	-	-	4,574,022
Interest and dividend income, reinvested	(6,534)	-	-	(6,534)
Change in operating assets and liabilities:				
Receivables	1,066,427	-	-	1,066,427
Inventory	(148,196)	-	-	(148,196)
Prepaid expenses	6,751	-	-	6,751
Investment in subsidiary	(101,657)	-	101,657	-
Deposits	21,786	-	-	21,786
Accounts payable	143,760	-	-	143,760
Accrued expenses	33,132	-	-	33,132
Deferred revenue	(20,177)	-	-	(20,177)
Net cash from operating activities	<u>1,159,032</u>	<u>(178,888)</u>	<u>101,657</u>	<u>1,081,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments in mutual funds	(7,729)	-	-	(7,729)
Proceeds from sales of investments in mutual funds	7,878	-	-	7,878
Purchase of property and equipment	(435,369)	(1,300,002)	-	(1,735,371)
Proceed from sales of property and equipment	1,000	-	-	1,000
Net cash from investing activities	<u>(434,220)</u>	<u>(1,300,002)</u>	<u>-</u>	<u>(1,734,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on notes payable	(1,008,159)	-	-	(1,008,159)
Capital contribution in CCFB Real Estate, Inc.	-	101,657	(101,657)	-
Net cash from financing activities	<u>(1,008,159)</u>	<u>101,657</u>	<u>(101,657)</u>	<u>(1,008,159)</u>
Net change in cash, cash equivalents, and restricted cash	(283,347)	(1,377,233)	-	(1,660,580)
CASH, CASH EQUIVALENTS, AND RESTRICTED				
CASH, beginning of year	741,196	1,906,219	-	2,647,415
CASH, CASH EQUIVALENTS, AND RESTRICTED				
CASH, end of year	<u>\$ 457,849</u>	<u>\$ 528,986</u>	<u>\$ -</u>	<u>\$ 986,835</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND				
RESTRICTED CASH TO STATEMENT OF FINANCIAL				
POSITION				
Cash and cash equivalents	\$ 457,849	\$ 98,146	\$ -	\$ 555,995
Restricted cash	-	430,840	-	430,840
Total cash, cash equivalents, and restricted cash	<u>\$ 457,849</u>	<u>\$ 528,986</u>	<u>\$ -</u>	<u>\$ 986,835</u>
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW				
INFORMATION				
Cash paid during the year for interest	\$ 115,619	\$ -	\$ -	\$ 115,619

