

**FOOD SHARE, INC.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

**FOOD SHARE, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
FOOD Share, Inc.

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

We have audited the accompanying financial statements of FOOD Share, Inc. (a nonprofit organization) (FOOD Share), which comprise the statement of financial position as of June 30, 2018, 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.

### **Auditor's 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 FOOD Share as of June 30, 2018, 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.

To the Board of Directors  
FOOD Share, Inc.

**Other Matters - Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 February 22, 2019 on our consideration of FOOD Share'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 FOOD Share's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

February 22, 2019  
Los Angeles, California

**FOOD SHARE, INC.**

STATEMENT OF FINANCIAL POSITION

June 30, 2018

<b>ASSETS</b>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash	\$ 524,835	\$ 719,122	\$ -	\$ 1,243,957
Accounts Receivable	302,331	-	-	302,331
Prepaid Expenses	58,020	-	-	58,020
Food Inventory	1,071,116	815,029	-	1,886,145
Property and Equipment (Net)	3,092,698	-	-	3,092,698
Beneficial Interest in Assets Held by Ventura County Community Foundation	313,135	-	921,262	1,234,397
<b>TOTAL ASSETS</b>	<b>\$ 5,362,135</b>	<b>\$ 1,534,151</b>	<b>\$ 921,262</b>	<b>\$ 7,817,548</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 142,678	\$ -	\$ -	\$ 142,678
Deferred Revenue	88,791	-	-	88,791
<b>TOTAL LIABILITIES</b>	<b>231,469</b>	<b>-</b>	<b>-</b>	<b>231,469</b>
<b>NET ASSETS:</b>				
Unrestricted - Undesignated	4,817,531	-	-	4,817,531
Unrestricted - Board-Designated	313,135	-	-	313,135
Temporarily Restricted	-	1,534,151	-	1,534,151
Permanently Restricted	-	-	921,262	921,262
<b>TOTAL NET ASSETS</b>	<b>5,130,666</b>	<b>1,534,151</b>	<b>921,262</b>	<b>7,586,079</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,362,135</b>	<b>\$ 1,534,151</b>	<b>\$ 921,262</b>	<b>\$ 7,817,548</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**FOOD SHARE, INC.****STATEMENT OF ACTIVITIES**

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT:</b>				
Grants and Contracts	\$ 1,193,913	\$ -	\$ -	\$ 1,193,913
Donated Food	16,293,071	4,853,435	-	21,146,506
Contributions	2,812,766	938,979	-	3,751,745
Shared Maintenance Fees	174,577	-	-	174,577
Investment Income (Net)	84,622	-	-	84,622
Special Events (Net of Direct Donor Benefit Expenses of \$25,820)	79,130	-	-	79,130
Change in Value of Beneficial Interest in Assets Held by Ventura County Community Foundation	14,641	-	-	14,641
Other	9,024	-	-	9,024
Releases from Purpose Restrictions	5,079,427	(5,079,427)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>25,741,171</b>	<b>712,987</b>	<b>-</b>	<b>26,454,158</b>
<b>EXPENSES:</b>				
Program Services	22,831,906	-	-	22,831,906
Fundraising	618,096	-	-	618,096
Management and General	348,698	-	-	348,698
<b>TOTAL EXPENSES</b>	<b>23,798,700</b>	<b>-</b>	<b>-</b>	<b>23,798,700</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,942,471</b>	<b>712,987</b>	<b>-</b>	<b>2,655,458</b>
Net Assets - Beginning of Year	3,188,195	821,164	921,262	4,930,621
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,130,666</b>	<b>\$ 1,534,151</b>	<b>\$ 921,262</b>	<b>\$ 7,586,079</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**FOOD SHARE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2018**

	Program Services						Total Program Services	Fundraising	Mangement and General	Total Expenses
	Agency Distribution	Senior Share	Senior Nutrition	Community Distribution	Disaster Relief	CSFP, EFAP and Other				
Food Distribution, Fees and Processing*	\$ 14,545,387	\$ 89,296	\$ 231,920	\$ 693,524	\$ 1,161,404	\$ 4,262,611	\$ 20,984,142	\$ -	\$ -	\$ 20,984,142
Salaries	342,340	12,878	53,947	7,358	81,091	207,945	705,559	279,565	148,524	1,133,648
Payroll Taxes and Employee Benefits	119,359	7,156	13,638	3,104	14,937	47,108	205,302	87,063	56,787	349,152
Contract Services	139,890	899	693	6,913	-	77,142	225,537	5,710	71,466	302,713
Other	119,529	760	1,108	4,906	6,348	58,628	191,279	22,259	53,177	266,715
Printing and Mailing	788	676	3	31	-	528	2,026	214,894	1,182	218,102
Depreciation	150,962	6,853	1,164	34,922	-	2,037	195,938	3,392	7,015	206,345
Vehicle and Equipment	80,152	681	4,028	6,430	14,463	75,322	181,076	673	1,188	182,937
Insurance	49,467	353	273	2,733	4,613	16,946	74,385	2,394	4,936	81,715
Utilities	44,331	316	245	2,450	4,134	15,186	66,662	2,146	4,423	73,231
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 15,592,205</b>	<b>\$ 119,868</b>	<b>\$ 307,019</b>	<b>\$ 762,371</b>	<b>\$ 1,286,990</b>	<b>\$ 4,763,453</b>	<b>\$ 22,831,906</b>	<b>\$ 618,096</b>	<b>\$ 348,698</b>	<b>\$ 23,798,700</b>

\* Includes distributed food of \$20,680,780 (see Note 3)

The Accompanying Notes are an Integral Part of These Financial Statements

**FOOD SHARE, INC.**

**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 2,655,458
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	206,345
Change in Value of Beneficial Interest in Assets Held by Ventura County Community Foundation	(14,641)
(Increase) Decrease in:	
Accounts Receivable	(19,331)
Prepaid Expenses	(12,051)
Food Inventory	(470,654)
Increase (Decrease) in:	
Accounts Payable and Accrued Liabilities	(263,022)
Deferred Revenue	61,177
	<hr/>
<b><i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i></b>	2,143,281
<b>CASH FLOWS USED IN INVESTING ACTIVITY:</b>	
Purchase of Property and Equipment	(563,447)
<b>CASH FLOWS USED IN FINANCING ACTIVITY:</b>	
Payments on Line of Credit	(475,000)
	<hr/>
<b><i>NET INCREASE IN CASH</i></b>	1,104,834
Cash - Beginning of Year	139,123
	<hr/>
<b><i>CASH - END OF YEAR</i></b>	<u><u>\$ 1,243,957</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements



# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 1 - NATURE OF ORGANIZATION

FOOD Share, Inc. (FOOD Share) is a California nonprofit corporation dedicated to feeding, nourishing and educating the hungry of Ventura County, educating the community on those who are hungry and why, and advocating for a reduction of the root causes of hunger. FOOD Share distributes millions of pounds of healthy food every year both through its own programs, such as Senior Kits, FOOD Share and Friends Mobile Pantry, and Kids' Farmers' Market, as well as through distribution via partner agencies.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### (b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of FOOD Share are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted - Undesignated.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Unrestricted - Board-Designated.** These represent funds without donor restrictions held at the Ventura County Community Foundation (see Note 5).
- **Temporarily Restricted.** FOOD Share reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. FOOD Share has \$1,534,151 of temporarily restricted net assets at June 30, 2018.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit FOOD Share to expend all of the income (or other economic benefits) derived from the donated assets. FOOD Share has \$921,262 of permanently restricted net assets at June 30, 2018.

#### (c) CASH

FOOD Share maintains its cash in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. FOOD Share has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts represents their estimated fair value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. The accounts receivable balance outstanding at June 30, 2018 consists primarily of government contract receivables due from county, state, and federal granting agencies. At June 30, 2018, management evaluated the collectability of accounts receivable and determined that no allowance was considered necessary.

#### (e) FOOD INVENTORY

Food inventory is recorded at cost if purchased, or at fair market value if donated. Fair market value is determined with reference to studies performed by Feeding America.

#### (f) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis as follows:

Buildings and Improvements	27-40 Years
Equipment	5 Years
Automobiles and Trucks	7 Years

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

#### (g) LONG-LIVED ASSETS

FOOD Share reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flow is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2018.

#### (h) DEFERRED REVENUE

Fees for events, which are paid in advance, are deferred and recognized as income in the period in which the related events are held.

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) REVENUE RECOGNITION

##### Contributions

Unconditional contributions are recognized as revenues in the period received. FOOD Share reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met.

##### Donated Food

FOOD Share receives a significant amount of contributed food inventory. In addition to donations of food from the local agriculture community, another major source of contributed food is the United States Department of Agriculture (USDA), which allocates food commodities to FOOD Share under the Emergency Food Assistance Program (EFAP) and the Commodity Supplemental Food Program (CSFP). Under these programs, food commodities are distributed without cost to all eligible participants within the approved service areas. All donated food is valued at fair market value which is determined by FOOD Share with reference to studies performed by Feeding America. For the year ended June 30, 2018, the average value of donated food applied by FOOD Share was \$1.68 per pound.

##### Donated Services

Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to FOOD Share. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue. However, during the year ended June 30, 2018, volunteers donated more than 25,600 hours valued at an estimated \$745,000. (The value of volunteer time is calculated by The Independent Sector based on the average hourly earnings of all production and non-supervisory workers on private non-farm payrolls - as determined by the Bureau of Labor Statistics).

##### Shared Maintenance Fees

FOOD Share receives fees from participating agencies to assist in the costs of distributing food. These shared maintenance fees are based on predetermined rates of \$0.18 per pound or less.

#### (j) INCOME TAXES

FOOD Share is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

#### (k) FAIR VALUE MEASUREMENTS

FOOD Share has implemented the fair value accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(k) FAIR VALUE MEASUREMENTS**

Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

#### **(l) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing FOOD Share's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

#### **(m) 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 reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

#### **(n) NEW ACCOUNTING PRONOUNCEMENTS**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised 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 guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For FOOD Share, the ASU and subsequent amendments will be effective for the year ending June 30, 2020.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help consolidated financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the consolidated financial statements. For FOOD Share, the ASU will be effective for the year ending June 30, 2021.

## FOOD SHARE, INC.

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (n) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in consolidated financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For FOOD Share, the ASU will be effective for the year ending June 30, 2019.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For FOOD Share, the ASU will be effective for the year ending June 30, 2020.

##### (o) SUBSEQUENT EVENTS

FOOD Share has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2018 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through February 22, 2019, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except for those described in Note 6.

#### NOTE 3 - FOOD INVENTORY

At June 30, 2018, food inventory consists of the following:

Dollar Value	Beginning Food Inventory	Food Received	Food Distributed	Ending Food Inventory
CSFP and EFAP	\$ 821,164	\$ 4,853,435	\$ 4,859,570	\$ 815,029
Donated and Purchased	599,255	16,293,071	15,821,210	1,071,116
<b>TOTAL</b>	<b>\$ 1,420,419</b>	<b>\$ 21,146,506</b>	<b>\$ 20,680,780</b>	<b>\$ 1,886,145</b>

  

Poundage (Measured in Pounds)	Beginning Food Inventory	Food Received	Food Distributed	Ending Food Inventory
CSFP and EFAP	483,037	2,860,842	2,869,625	474,254
Donated and Purchased	399,074	9,687,400	9,437,044	649,430
<b>TOTAL</b>	<b>882,111</b>	<b>12,548,242</b>	<b>12,306,669</b>	<b>1,123,684</b>

**FOOD SHARE, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2018:

Land	\$	706,193
Buildings and Improvements		3,247,776
Equipment		862,896
Automobiles and Trucks		680,529
Construction in Progress		611,065
<b>TOTAL</b>		<b>6,108,459</b>
Less: Accumulated Depreciation		(3,015,761)
<b>PROPERTY AND EQUIPMENT (NET)</b>	<b>\$</b>	<b>3,092,698</b>

Depreciation expense for the year ended June 30, 2018 was \$206,345.

Construction in progress consists of the installation of solar panels and new roofing. At June 30, 2018, estimated costs to complete the construction in progress amounted to approximately \$97,000.

**NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY VENTURA COUNTY COMMUNITY FOUNDATION**

FOOD Share has established an endowment fund at the Ventura County Community Foundation (VCCF) through the transfer, in earlier years, of certain permanently restricted and unrestricted funds to VCCF. FOOD Share is the 100% beneficiary of the endowment fund and annual distributions from the fund are determined by the Board of Directors of VCCF and shall not exceed 5% of the market value of the assets of the fund as determined using the average balance of the fund over the prior 12 quarters. Distributions are made from investment earnings of the fund and are reported as investment income by FOOD Share. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the statement of activities as a change in value of beneficial interest in assets held by VCCF. The beneficial interest in assets held by VCCF is valued using level 3 inputs and the table below sets forth a summary of the composition of the VCCF endowment fund at June 30, 2018 as well as the changes in fair value for the year then ended.

	Unrestricted	Permanently Restricted	Total
<b>Endowment Net Asset Composition by Type of Fund at June 30, 2018</b>			
Board-Designated	\$ 313,135	\$ -	\$ 313,135
Donor-Restricted	-	921,262	921,262
	\$ 313,135	\$ 921,262	\$ 1,234,397
<b>Changes in Endowment Net Assets for the Year Ended June 30, 2018</b>			
Endowment Net Assets - Beginning of Year	\$ 298,494	\$ 921,262	\$ 1,219,756
Change in Value of Beneficial Interest	14,641	-	14,641
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	\$ 313,135	\$ 921,262	\$ 1,234,397

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 6 - DEBT FACILITIES

FOOD Share has a bank line of credit with a facility of \$500,000 (secured by real property) through January 2019. The line of credit bears interest at the greater of 3.5% or the bank's prime rate plus 0.5%. The bank's prime rate at June 30, 2018 was 5.0%. There were no draws outstanding on the line of credit at June 30, 2018. The line of credit is under negotiation for renewal as of the date of this report.

Subsequent to year end, FOOD Share secured a fixed interest rate revolving note in the amount of \$150,000, bearing an interest rate of 4% per annum, and due in November 2018. The fixed interest rate revolving note was not subsequently renewed.

### NOTE 7 - EMPLOYEE BENEFIT PLAN

FOOD Share has established a 403(b) tax-sheltered annuity plan for its full-time employees. Full-time employees are eligible to participate in the plan and may contribute up to the maximum allowable by the Internal Revenue Code. FOOD Share contributes up to 3% of salary for eligible employees. FOOD Share contributed \$6,388 to the plan during the year ended June 30, 2018.

### NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 are restricted for the following purposes:

Food Assistance Program (USDA Food Inventory)	\$	815,029
Wildfire Disaster Relief		<u>719,122</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	\$	<u>1,534,151</u>

### NOTE 9 - COMMITMENTS AND CONTINGENCIES

FOOD Share's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and accordingly, no provision has been made in these financial statements.

**FOOD SHARE, INC.**  
SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018



**FOOD SHARE, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
<b>FEDERAL AWARDS</b>				
<b>MAJOR AWARDS</b>				
<b>U.S. Department of Agriculture:</b>				
Pass-through, State of California, Department of Social Services				
Emergency Food Assistance Program				
Administrative Costs	10.568	15-MOU-00152 A-1	\$ 137,717	\$ 137,717
Food Commodities	10.569	15-MOU-00152 A-1	2,764,390	2,764,390
Commodity Supplemental Food Program				
Administrative Costs	10.565	MOU 16-6012	217,658	217,658
Food Commodities	10.565	MOU 16-6012	2,103,976	2,103,976
<b>TOTAL FOOD DISTRIBUTION CLUSTER</b>			<b>5,223,741</b>	<b>5,223,741</b>
<b>TOTAL MAJOR AWARDS</b>			<b>5,223,741</b>	<b>5,223,741</b>
<b>NON-MAJOR AWARDS</b>				
<b>U.S. Department of Housing and Urban Development:</b>				
Pass-through, County of Ventura				
Community Development Block Grants	14.218	B-14-UC-06-0507-NE02	523,748	523,748
<b>U.S. Department of Agriculture:</b>				
Pass-through, California Association of Food Banks				
State Administrative Matching Grants				
for the Supplemental Nutrition Assistance Program	10.561	16-SUB-00965-14-3035	35,724	35,724
<b>U.S. Department of Health and Human Services:</b>				
Pass-through, City of Oxnard				
Special Programs for the Aging	93.045	2008-004	43,862	43,862
<b>U.S. Department of Homeland Security:</b>				
Pass-through, United Way				
Emergency Food and Shelter Program	97.024	LRO ID 092800-020	80,064	80,064
<b>TOTAL NON-MAJOR AWARDS</b>			<b>683,398</b>	<b>683,398</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 5,907,139</b>	<b>\$ 5,907,139</b>

**Summary of Significant Accounting Policies**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of FOOD Share under programs of the Federal government for the year ended June 30, 2018. 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 FOOD Share, it is not intended to and does not present the financial position, changes in net assets, or cash flows of FOOD Share.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**3. Indirect Cost Rate**

FOOD Share has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**4. Awards to Subrecipients**

FOOD Share has not provided any Federal awards to subrecipients from the Federal expenditures presented in the Schedule.

See Independent Auditor's Report