

FOOD SHARE, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

FOOD SHARE, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

CONTENTS

	Page
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information.....	16
Schedule of Expenditures of Federal Awards.....	17

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, 2019, 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, 2019, 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 June 12, 2020 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the recent COVID-19 pandemic in the United States and world-wide has resulted in reduced economic activity and market declines. As the extent and duration of the future impact to FOOD Share are uncertain, no adjustments were necessary to the financial statements, and our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited FOOD Share's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

June 12, 2020
Los Angeles, California

FOOD SHARE, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2019
With Summarized Totals at June 30, 2018

ASSETS	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash	\$ 929,608	\$ 403,189	\$ 1,332,797	\$ 1,243,957
Accounts Receivable	440,144	-	440,144	302,331
Prepaid Expenses	64,864	-	64,864	58,020
Food Inventory	602,902	1,872,566	2,475,468	1,886,145
Property and Equipment (Net)	3,323,597		3,323,597	3,092,698
Beneficial Interest in Assets Held by Ventura County Community Foundation	309,589	910,325	1,219,914	1,234,397
TOTAL ASSETS	\$ 5,670,704	\$ 3,186,080	\$ 8,856,784	\$ 7,817,548
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 209,027	\$ -	\$ 209,027	\$ 231,469
TOTAL LIABILITIES	209,027	-	209,027	231,469
NET ASSETS:				
Without Donor Restrictions - Undesignated	5,152,088	-	5,152,088	4,817,531
Without Donor Restrictions - Board-Designated	309,589	-	309,589	313,135
With Donor Restrictions	-	3,186,080	3,186,080	2,455,413
TOTAL NET ASSETS	5,461,677	3,186,080	8,647,757	7,586,079
TOTAL LIABILITIES AND NET ASSETS	\$ 5,670,704	\$ 3,186,080	\$ 8,856,784	\$ 7,817,548

The Accompanying Notes are an Integral Part of These Financial Statements

FOOD SHARE, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

With Summarized Totals for the Year Ended June 30, 2018

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT:				
Grants and Contracts	\$ 932,549	\$ -	\$ 932,549	\$ 1,193,913
Donated Food	16,287,404	6,079,344	22,366,748	21,146,506
Contributions	2,519,131	168,528	2,687,659	3,751,745
Shared Maintenance Fees	17,938	-	17,938	174,577
Investment Income (Net)	61,697	-	61,697	84,622
Special Events (Net of Direct Donor Benefit Expenses of \$41,517)	235,584	-	235,584	79,130
Change in Value of Beneficial Interest in Assets Held by Ventura County Community Foundation	(3,546)	(10,937)	(14,483)	14,641
Other	41,068	-	41,068	9,024
Net Assets Released from Donor Restrictions	5,506,268	(5,506,268)	-	-
TOTAL REVENUE AND SUPPORT	25,598,093	730,667	26,328,760	26,454,158
EXPENSES:				
Program Services	24,262,724	-	24,262,724	22,831,906
Fundraising	639,926	-	639,926	618,096
Management and General	364,432	-	364,432	348,698
TOTAL EXPENSES	25,267,082	-	25,267,082	23,798,700
CHANGE IN NET ASSETS	331,011	730,667	1,061,678	2,655,458
Net Assets - Beginning of Year	5,130,666	2,455,413	7,586,079	4,930,621
NET ASSETS - END OF YEAR	\$ 5,461,677	\$ 3,186,080	\$ 8,647,757	\$ 7,586,079

The Accompanying Notes are an Integral Part of These Financial Statements

FOOD SHARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019
With Summarized Totals for the Year Ended June 30, 2018

	2019										2018 Total
	Program Services					Total Program Services	Fundraising	Mangement and		Total Expenses	
	Agency Distribution	Senior Share	Senior Nutrition	Community Distribution	Disaster Relief			CSFP, EFAP and Other			General
Food Distribution, Fees and Processing*	\$ 16,453,349	\$ 42,381	\$ 74,287	\$ 554,764	\$ 66,783	\$ 5,074,765	\$ 22,266,329	\$ -	\$ -	\$ 22,266,329	\$ 20,984,142
Salaries	452,931	3,263	46,174	12,445	10,341	236,253	761,407	282,767	177,739	1,221,913	1,133,648
Payroll Taxes and Employee Benefits	160,521	511	18,816	4,195	3,309	78,633	265,985	64,891	42,328	373,204	349,152
Contract Services	131,216	351	568	4,245	50,199	50,395	236,974	6,004	109,779	352,757	302,713
Other	99,518	148	1,336	2,934	50,130	69,839	223,905	54,575	19,270	297,750	266,715
Printing and Mailing	626	2	3	22	-	198	851	225,167	663	226,681	218,102
Vehicle and Equipment	99,271	283	8,933	3,429	36,488	66,491	214,895	554	1,229	216,678	206,345
Depreciation	133,378	808	525	18,987	-	22,400	176,098	2,802	6,898	185,798	182,937
Insurance	39,020	111	180	1,348	9,666	12,372	62,697	1,707	3,519	67,923	81,715
Utilities	33,347	95	154	1,152	8,261	10,574	53,583	1,459	3,007	58,049	73,231
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 17,603,177	\$ 47,953	\$ 150,976	\$ 603,521	\$ 235,177	\$ 5,621,920	\$ 24,262,724	\$ 639,926	\$ 364,432	\$ 25,267,082	
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 15,592,205	\$ 119,868	\$ 307,019	\$ 762,371	\$ 1,286,990	\$ 4,763,453	\$ 22,831,906	\$ 618,096	\$ 348,698		\$ 23,798,700

* Includes distributed food of \$22,078,890 (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, 2019

With Summarized Totals for the Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,061,678	\$ 2,655,458
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	185,798	206,345
Change in Value of Beneficial Interest in Assets Held by Ventura County Community Foundation	14,483	(14,641)
Increase in:		
Accounts Receivable	(137,813)	(19,331)
Prepaid Expenses	(6,844)	(12,051)
Food Inventory	(589,323)	(470,654)
Increase in:		
Accounts Payable and Accrued Liabilities	<u>(22,442)</u>	<u>(201,845)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	505,537	2,143,281
CASH FLOWS USED IN INVESTING ACTIVITY:		
Purchase of Property and Equipment	(416,697)	(563,447)
CASH FLOWS USED IN FINANCING ACTIVITY:		
Payments on Line of Credit	<u>-</u>	<u>(475,000)</u>
NET INCREASE IN CASH	88,840	1,104,834
Cash - Beginning of Year	<u>1,243,957</u>	<u>139,123</u>
CASH - END OF YEAR	<u>\$ 1,332,797</u>	<u>\$ 1,243,957</u>

The Accompanying Notes are an Integral Part of These Financial Statements

FOOD SHARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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) NET ASSETS

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

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors (the Board) has designated, from net assets without donor restrictions, net assets for a board designated endowment. Refer to Note 5.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(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, 2019

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, if applicable, represents their estimated fair value. The allowance for doubtful accounts, if applicable, 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, 2019 consists primarily of government contract receivables due from county, state, and federal granting agencies. At June 30, 2019, 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, 2019.

FOOD SHARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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, 2019, the average value of donated food applied by FOOD Share was \$1.69 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, 2019, volunteers donated more than 28,250 hours valued at an estimated \$847,000. (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).

(i) INCOME TAXES

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

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, FOOD Share recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2019, FOOD Share performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

FOOD SHARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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. 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).

(k) 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.

(l) 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.

(m) NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, FASB issued Accounting Standards Update (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 financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. FOOD Share implemented the ASU during the year ended June 30, 2019.

In May 2014, FASB issued 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.

FOOD SHARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) NEW ACCOUNTING PRONOUNCEMENTS (continued)

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, 2022.

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.

(n) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted principles. Accordingly, such information should be read in conjunction with FOOD Share's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

(o) RECLASSIFICATIONS

For comparability, certain June 30, 2018 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2019.

(p) SUBSEQUENT EVENTS

FOOD Share has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through June 12, 2020, 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 10.

FOOD SHARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3 - FOOD INVENTORY

The changes in food inventory during the year ended June 30, 2019 are summarized as follows:

Dollar Value	Beginning Food Inventory	Food Received	Food Distributed	Ending Food Inventory
CSFP and EFAP	\$ 815,029	\$ 6,079,344	\$ 5,021,806	\$ 1,872,567
Donated and Purchased	1,071,116	16,588,869	17,057,084	602,901
TOTAL	\$ 1,886,145	\$ 22,668,213	\$ 22,078,890	\$ 2,475,468

Poundage (Measured in Pounds)	Beginning Food Inventory	Food Received	Food Distributed	Ending Food Inventory
CSFP and EFAP	474,254	3,616,784	2,982,235	1,108,803
Donated and Purchased	649,430	9,989,803	10,278,085	361,148
TOTAL	1,123,684	13,606,587	13,260,320	1,469,951

NOTE 4 - PROPERTY AND EQUIPMENT

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

Land	\$ 706,193
Buildings and Improvements	3,955,772
Equipment	897,108
Automobiles and Trucks	897,508
Construction in Progress	68,575
TOTAL	6,525,156
Less: Accumulated Depreciation	(3,201,559)
PROPERTY AND EQUIPMENT (NET)	\$ 3,323,597

Depreciation expense for the year ended June 30, 2019 was \$185,798.

Construction in progress consists of a new cold storage freezer project. At June 30, 2019, estimated costs to complete the construction in progress amounted to approximately \$70,000.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY VENTURA COUNTY COMMUNITY FOUNDATION (continued)

FOOD Share has established an endowment fund at the Ventura County Community Foundation (VCCF) through the transfer, in earlier years, of certain funds with and without donor restrictions 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.

FOOD SHARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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, 2019 as well as the changes in fair value for the year then ended.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Asset Composition by Type of Fund at June 30, 2019			
Board-Designated	\$ 309,589	\$ -	\$ 309,589
Donor-Restricted	-	910,325	910,325
	\$ 309,589	\$ 910,325	\$ 1,219,914
Changes in Endowment Net Assets for the Year Ended June 30, 2019			
Endowment Net Assets - Beginning of Year	\$ 313,135	\$ 921,262	\$ 1,234,397
Change in Value of Beneficial Interest	(3,546)	(10,937)	(14,483)
<i>ENDOWMENT NET ASSETS - END OF YEAR</i>	\$ 309,589	\$ 910,325	\$ 1,219,914

NOTE 6 - LINE OF CREDIT FACILITY

FOOD Share has a bank line of credit with a facility of \$500,000 (secured by real property) through January 2024. 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, 2019 was 5.5%. There were no draws outstanding on the line of credit at June 30, 2019.

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 \$18,032 to the plan during the year ended June 30, 2019.

FOOD SHARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Food Assistance Program (USDA Food Inventory)	\$	1,872,566
Wildfire Disaster Relief		403,189
VCFE Endowment		910,325
		<hr/>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$	3,186,080
		<hr/>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended June 30, 2019:

Distribution of USDA Food Inventory:	\$	5,021,806
Wildfire Disaster Relief		484,462
		<hr/>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$	5,506,268
		<hr/>

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.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by FOOD Share at June 30, 2019 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2019:		
Cash	\$	929,608
Accounts Receivable		440,144
		<hr/>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	\$	1,369,752
		<hr/>

FOOD SHARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

FOOD Share regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of FOOD Share's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 5, FOOD Share also has a Board designated endowment fund that could be drawn upon in the event of unanticipated liquidity needs.

The recent COVID-19 outbreak in the United States and world-wide subsequent to year end has caused business disruption which may negatively impact FOOD Share's fundraising and program services delivery. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. It is therefore likely there will be an impact on FOOD Share's operating activities and results. However, the related financial impact and duration cannot be reasonably estimated at this time.

In April 2020, FOOD Share received approval from a lending institution for funding of \$330,200 under the Payroll Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the terms of the PPP, the loan is unsecured, has a 2 year term, accrues interest at 1% per annum, and a portion of the loan may be forgiven if proceeds are used for specific business costs, as outlined in the PPP provisions and Small Business Administration guidance.

FOOD SHARE, INC.
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019

FOOD SHARE, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

	Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
FEDERAL AWARDS				
Federal Grantor/Passed Through Grantor/Program or Cluster Title				
MAJOR AWARDS				
U.S. Department of Agriculture:				
Pass-through, State of California, Department of Social Services				
Emergency Food Assistance Program				
Administrative Costs	10.568	15-MOU-00152 A-1	\$ 180,957	\$ 180,957
Food Commodities	10.569	15-MOU-00152 A-1	3,115,842	3,115,842
Commodity Supplemental Food Program				
Administrative Costs	10.565	MOU 16-6012	256,062	256,062
Food Commodities	10.565	MOU 16-6012	1,903,728	1,903,728
TOTAL FOOD DISTRIBUTION CLUSTER			5,456,589	5,456,589
TOTAL MAJOR AWARDS			5,456,589	5,456,589
NON-MAJOR AWARDS				
U.S. Department of Agriculture:				
Pass-through, California Association of Food Banks				
State Administrative Matching Grants				
for the Emergency Food For Families (Tax Check-Off)	10.561	15-MOU-00152	10,176	10,176
U.S. Department of Health and Human Services:				
Pass-through, City of Oxnard				
Special Programs for the Aging	93.045	8305-18-CS	46,028	46,028
U.S. Department of Homeland Security:				
Pass-through, United Way				
Emergency Food and Shelter Program	97.024	LRO ID 092800-020	80,000	80,000
TOTAL NON-MAJOR AWARDS			136,204	136,204
TOTAL FEDERAL AWARDS			\$ 5,592,793	\$ 5,592,793

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, 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 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