

**FOOD SHARE, INC.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

**FOOD SHARE, INC.**  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020

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**AUDIT  
AND  
ASSURANCE**

## **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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 March 16, 2021 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.

**Report on Summarized Comparative Information**

We have previously audited FOOD Share's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Green Hasson & Janks LLP*

March 16, 2021  
Los Angeles, California

**FOOD SHARE, INC.**

STATEMENT OF FINANCIAL POSITION  
June 30, 2020  
With Summarized Totals at June 30, 2019

<b>ASSETS</b>	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash	\$ 3,971,155	\$ 376,229	\$ 4,347,384	\$ 1,332,797
Accounts Receivable	770,862	-	770,862	440,144
Prepaid Expenses	37,095	-	37,095	64,864
Food Inventory	755,082	858,534	1,613,616	2,475,468
Property and Equipment (Net)	3,508,647	-	3,508,647	3,323,597
Beneficial Interest in Assets Held by Ventura County Community Foundation	366,811	921,894	1,288,705	1,219,914
<b>TOTAL ASSETS</b>	<b>\$ 9,409,652</b>	<b>\$ 2,156,657</b>	<b>\$ 11,566,309</b>	<b>\$ 8,856,784</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 456,943	\$ -	\$ 456,943	\$ 209,027
Paycheck Protection Program Loan	330,200	-	330,200	-
<b>TOTAL LIABILITIES</b>	787,143	-	787,143	209,027
<b>NET ASSETS:</b>				
Without Donor Restrictions - Undesignated	8,255,698	-	8,255,698	5,152,088
Without Donor Restrictions - Board-Designated	366,811	-	366,811	309,589
With Donor Restrictions	-	2,156,657	2,156,657	3,186,080
<b>TOTAL NET ASSETS</b>	8,622,509	2,156,657	10,779,166	8,647,757
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,409,652</b>	<b>\$ 2,156,657</b>	<b>\$ 11,566,309</b>	<b>\$ 8,856,784</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**FOOD SHARE, INC.**

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020  
With Summarized Totals for the Year Ended June 30, 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE AND SUPPORT:</b>				
Donated Food	\$ 18,995,037	\$ 5,360,039	\$ 24,355,076	\$ 22,366,748
Contributions	6,039,014	399,386	6,438,400	2,687,659
Grants and Contracts	1,390,838	-	1,390,838	932,549
Special Events (Net of Direct Donor Benefit Expenses of \$40,733)	290,690	-	290,690	235,584
Other	26,557	-	26,557	120,703
Change in Value of Beneficial Interest in Assets Held by Ventura County Community Foundation	3,472	11,569	15,041	(14,483)
Net Assets Released from Donor Restrictions	6,800,417	(6,800,417)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>33,546,025</b>	<b>(1,029,423)</b>	<b>32,516,602</b>	<b>26,328,760</b>
<b>EXPENSES:</b>				
Program Services	28,921,918	-	28,921,918	24,262,724
Fundraising	1,019,928	-	1,019,928	639,926
Management and General	443,347	-	443,347	364,432
<b>TOTAL EXPENSES</b>	<b>30,385,193</b>	<b>-</b>	<b>30,385,193</b>	<b>25,267,082</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,160,832</b>	<b>(1,029,423)</b>	<b>2,131,409</b>	<b>1,061,678</b>
Net Assets - Beginning of Year	5,461,677	3,186,080	8,647,757	7,586,079
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 8,622,509</b>	<b>\$ 2,156,657</b>	<b>\$ 10,779,166</b>	<b>\$ 8,647,757</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**FOOD SHARE, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2020  
With Summarized Totals for the Year Ended June 30, 2019

	2020										2019 Total
	Agency Distribution	Senior Nutrition	Kids Farmers Market	Mobile Pantry	Disaster Relief	CSFP, EFAP and Other	Total Program Services	Fundraising	Management and General	Total Expenses	
Food Distribution, Fees and Processing*	\$ 20,384,290	\$ -	\$ 13,630	\$ -	\$ -	\$ 6,376,652	\$ 26,774,572	\$ -	\$ -	\$ 26,774,572	\$ 22,266,329
Salaries	47,416	94,656	6,292	9,138	175,119	648,832	981,453	362,196	217,970	1,561,619	1,221,913
Contract Services	8,565	8,420	7,805	1,623	20,731	81,744	128,888	43,573	60,237	232,698	352,757
Payroll Taxes and Employee Benefits	20,085	31,971	1,963	2,813	70,565	186,853	314,250	93,681	47,890	455,821	373,204
Other	21,856	12,035	3,778	2,106	55,768	158,182	253,725	159,205	65,978	478,908	297,750
Printing and Mailing	471	483	64	93	1,022	3,945	6,078	275,921	3,899	285,898	226,681
Vehicle and Equipment	7,795	14,883	1,670	15,553	29,542	154,408	223,851	6,210	12,206	242,267	216,678
Depreciation	11,102	7,867	1,057	1,503	32,139	74,795	128,463	24,280	12,363	165,106	185,798
Insurance	4,265	4,468	593	861	8,904	34,332	53,423	27,779	11,031	92,233	67,923
Utilities	4,560	4,781	635	922	9,534	36,783	57,215	27,083	11,773	96,071	58,049
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b>\$ 20,510,405</b>	<b>\$ 179,564</b>	<b>\$ 37,487</b>	<b>\$ 34,612</b>	<b>\$ 403,324</b>	<b>\$ 7,756,526</b>	<b>\$ 28,921,918</b>	<b>\$ 1,019,928</b>	<b>\$ 443,347</b>	<b>\$ 30,385,193</b>	
							95.18%	3.36%	1.46%	100.00%	
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 17,603,177</b>	<b>\$ 150,975</b>	<b>\$ 37,010</b>	<b>\$ 28,643</b>	<b>\$ 235,177</b>	<b>\$ 6,207,742</b>	<b>\$ 24,262,724</b>	<b>\$ 639,926</b>	<b>\$ 364,432</b>		<b>\$ 25,267,082</b>
							96.03%	2.53%	1.44%		100.00%

\* Includes distributed food of \$26,647,296 (see Note 3)

**FOOD SHARE, INC.**

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2020  
With Summarized Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 2,131,409	\$ 1,061,678
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	165,106	185,798
Change in Value of Beneficial Interest in Assets Held by Ventura County Community Foundation	(15,041)	14,483
Increase in:		
Accounts Receivable	(330,718)	(137,813)
Prepaid Expenses	27,769	(6,844)
Food Inventory	861,852	(589,323)
Beneficial Interest in Assets Held by Ventura County Community Foundation	(53,750)	-
Increase in:		
Accounts Payable and Accrued Liabilities	247,916	(22,442)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>3,034,543</u>	<u>505,537</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITY:</b>		
Purchase of Property and Equipment	(350,156)	(416,697)
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITY:</b>		
Proceeds from Paycheck Protection Program Loan	<u>330,200</u>	<u>-</u>
<b>NET INCREASE IN CASH</b>	3,014,587	88,840
Cash - Beginning of Year	<u>1,332,797</u>	<u>1,243,957</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 4,347,384</u></u>	<u><u>\$ 1,332,797</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements



# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 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, 2020

### 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, 2020 consists primarily of government contract receivables due from county, state, and federal granting agencies. At June 30, 2020, 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.

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

#### (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, 2020.

#### (h) PAYCHECK PROTECTION PROGRAM (PPP) LOAN

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven or Heal the Bay has been legally released or (2) FOOD Share repays the loan to the lender.

#### (i) REVENUE RECOGNITION

##### Contributions

FOOD Share recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest are received. Pledges receivable are discounted to their present value when payments are expected in future periods exceeding one year. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Intentions to give are not included as support until payments are made or enforceable promises to give are executed.

##### 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, 2020, the average value of donated food applied by FOOD Share was \$1.58 per pound, while specific to the EFAP and CSFP programs, the average value of donated food applied by FOOD Share was \$1.69 per pound.

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

#### (i) REVENUE RECOGNITION (continued)

##### 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, 2020, volunteers donated more than 58,500 hours valued at an estimated \$1,590,000. (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).

#### (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.

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, 2020, 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.

#### (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. 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).

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

#### (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, 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, 2021.

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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

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, 2023.

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. FOOD Share implemented this ASU during the year ended June 30, 2020.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For FOOD Share, the ASU will be effective for the year ending June 30, 2022.

#### **(o) 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, 2019, from which the summarized information was derived.

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS June 30, 2020

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

#### (p) RECLASSIFICATIONS

For comparability, certain June 30, 2019 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2020.

#### (q) SUBSEQUENT EVENTS

FOOD Share has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2020 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 16, 2021, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

### NOTE 3 - FOOD INVENTORY

The changes in food inventory during the year ended June 30, 2020 are summarized as follows:

Dollar Value	Beginning Food Inventory	Food Received	Food Distributed	Ending Food Inventory
CSFP and EFAP	\$ 1,872,567	\$ 5,360,039	\$ 6,374,072	\$ 858,534
Donated and Purchased	602,901	20,425,405	20,273,224	755,082
<b>TOTAL</b>	<b>\$ 2,475,468</b>	<b>\$ 25,785,444</b>	<b>\$ 26,647,296</b>	<b>\$ 1,613,616</b>
Poundage (Measured in Pounds)	Beginning Food Inventory	Food Received	Food Distributed	Ending Food Inventory
CSFP and EFAP	1,108,803	3,169,210	3,780,932	497,081
Donated and Purchased	361,148	13,898,329	13,481,662	777,815
<b>TOTAL</b>	<b>1,469,951</b>	<b>17,067,539</b>	<b>17,262,594</b>	<b>1,274,896</b>

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS June 30, 2020

### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2020:

Land	\$ 706,193
Buildings and Improvements	4,071,586
Equipment	1,060,164
Automobiles and Trucks	789,057
Construction in Progress	<u>15,727</u>
<b>TOTAL</b>	6,642,727
Less: Accumulated Depreciation	<u>(3,134,080)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<u>\$ 3,508,647</u>

Depreciation expense for the year ended June 30, 2020 was \$165,106.

Construction in progress consists of a shed expansion project. At June 30, 2020, estimated costs to complete the construction in progress amounted to approximately \$270,000.

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

FOOD Share has established two endowment funds at the Ventura County Community Foundation (VCCF) through the transfer of certain funds with and without donor restrictions to VCCF. FOOD Share is the 100% beneficiary of these endowment funds and annual distributions from the funds are determined by the Board of Directors of VCCF and shall not exceed 5% of the market value of the assets of the funds as determined using the average balance of the funds over the prior 12 quarters. Distributions are made from investment earnings of the funds 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, 2020

### **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 funds at June 30, 2020 as well as the changes in fair value for the year then ended.

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Asset Composition by Type of Fund at June 30, 2020</b>			
Board-Designated	\$ 366,811	\$ -	\$ 366,811
Donor-Restricted	-	921,894	921,894
	<b>\$ 366,811</b>	<b>\$ 921,894</b>	<b>\$ 1,288,705</b>
 <b>Changes in Endowment Net Assets for the Year Ended June 30, 2020</b>			
Endowment Net Assets -			
Beginning of Year	\$ 309,589	\$ 910,325	\$ 1,219,914
Additions (New Endowment Fund)	53,750	-	53,750
Change in Value of Beneficial Interest	3,472	11,569	15,041
	<b>\$ 366,811</b>	<b>\$ 921,894</b>	<b>\$ 1,288,705</b>
 <b>ENDOWMENT NET ASSETS - END OF YEAR</b>			
	<b>\$ 366,811</b>	<b>\$ 921,894</b>	<b>\$ 1,288,705</b>

### **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, 2020 was 3.25%. There were no draws outstanding on the line of credit at June 30, 2020.

### **NOTE 7 - PAYCHECK PROTECTION PROGRAM LOAN**

In April 2020, FOOD Share received a PPP loan in the amount of \$330,200. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If FOOD Share does not apply for forgiveness within 10 months after the last day of the covered period (defined, at FOOD Share's election, as either 8 weeks or 24 weeks), such payments will be due that month.

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 7 - PAYCHECK PROTECTION PROGRAM LOAN (continued)

FOOD Share intends to apply for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. To the extent that all or part of the PPP loan is not forgiven, FOOD Share will be required to pay interest on the PPP loan at a rate of 1.0% per annum. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2020 the total outstanding balance of the PPP loan was \$330,200.

### NOTE 8 - 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 matches up to 3% of salary for eligible and participating employees. FOOD Share contributed \$22,387 to the plan during the year ended June 30, 2020.

### NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2020:

Food Assistance Program (USDA Food Inventory)	\$	858,534
Food Sourcing		226,287
Other		149,942
VCCF Endowment		<u>921,894</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>		<u><u>\$ 2,156,657</u></u>

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, 2020:

Distribution of USDA Food Inventory:	\$	6,374,072
Wildfire Disaster Relief		403,189
Other		<u>23,156</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>		<u><u>\$ 6,800,417</u></u>

# FOOD SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS June 30, 2020

### NOTE 10 - 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 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by FOOD Share at June 30, 2020 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, 2020	
Cash	\$ 3,049,261
Accounts Receivable	<u>770,862</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 3,820,123</u></b>

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.

**FOOD SHARE, INC.**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

**FOOD SHARE, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020

	Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
<b>FEDERAL AWARDS</b>				
Federal Grantor/Passed Through Grantor/Program or Cluster Title				
<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	\$ 284,873	\$ 284,873
Food Commodities	10.569	15-MOU-00152 A-1	3,810,694	3,810,694
Commodity Supplemental Food Program				
Administrative Costs	10.565	MOU 16-6012	275,995	275,995
Food Commodities	10.565	MOU 16-6012	<u>2,126,804</u>	<u>2,126,804</u>
<b>TOTAL FOOD DISTRIBUTION CLUSTER</b>			<u>6,498,366</u>	<u>6,498,366</u>
<b>TOTAL MAJOR AWARDS</b>			6,498,366	6,498,366
<b>NON-MAJOR AWARDS</b>				
<b>U.S. Department of Agriculture:</b>				
Pass-through, State of California				
Trade Mitigation				
Administrative Costs	10.178		46,833	46,833
Food Commodities	10.178		436,574	436,574
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	9,055	9,055
<b>U.S. Department of Health and Human Services:</b>				
Pass-through, City of Oxnard				
Special Programs for the Aging				
	93.045	8305-18-CS	44,731	44,731
<b>U.S. Department of Homeland Security:</b>				
Pass-through, United Way				
Emergency Food and Shelter Program				
	97.024	LRO ID 092800-020	<u>200,972</u>	<u>200,972</u>
<b>TOTAL NON-MAJOR AWARDS</b>			<u>738,165</u>	<u>738,165</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 7,236,531</u>	<u>\$ 7,236,531</u>

**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.