

Report of Independent Auditors  
and Financial Statements

**FOOD Share, Inc.**

June 30, 2024 and 2023

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## **Report of Independent Auditors**

The Board of Directors  
FOOD Share, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of FOOD Share, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FOOD Share, Inc. as of June 30, 2024 and 2023, and the changes of its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FOOD Share, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FOOD Share, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 FOOD Share, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FOOD Share, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Baker Tilly US, LLP*

Irvine, California  
June 20, 2025

## **Financial Statements**

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**FOOD Share, Inc.**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,063,065	\$ 6,974,770
Contributions, grants, and other receivables, net	5,010,693	1,448,874
Investments	15,020,561	8,605,509
Prepaid expenses and deposits	143,897	182,302
Food inventory	1,909,872	1,505,595
Property and equipment, net	14,429,225	10,598,668
Operating right-of-use (ROU) asset	246,914	433,004
Finance ROU asset	163,459	211,551
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 37,987,686</u>	<u>\$ 29,960,273</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 796,634	\$ 426,284
Operating lease liability	246,914	433,004
Finance lease liability	65,216	89,661
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>1,108,764</u>	<u>948,949</u>
<b>NET ASSETS</b>		
Without donor restrictions – undesignated	20,751,383	20,004,511
Without donor restrictions – Board-designated	422,694	440,564
	<u>                    </u>	<u>                    </u>
Total net assets without donor restrictions	21,174,077	20,445,075
With donor restrictions	15,704,845	8,566,249
	<u>                    </u>	<u>                    </u>
Total net assets	<u>36,878,922</u>	<u>29,011,324</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 37,987,686</u>	<u>\$ 29,960,273</u>

See accompanying notes.

**FOOD Share, Inc.**  
**Statements of Activities**  
**Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND SUPPORT			
Donated food	\$ 19,647,644	\$ 10,172,899	\$ 29,820,543
Contributions	5,544,712	6,501,901	12,046,613
In-kind contributions	46,105	-	46,105
Grants and contracts	2,911,860	500,000	3,411,860
Special events (net of direct donor benefit expenses of approximately \$157,000)	344,638	-	344,638
Other	32,028	-	32,028
Investment return, net	889,858	(44,911)	844,947
Gain on disposal of property and equipment	1,682	-	1,682
Net assets released from donor restrictions	9,991,293	(9,991,293)	-
Total revenue, gains, and support	39,409,820	7,138,596	46,548,416
EXPENSES			
Program services	36,232,173	-	36,232,173
Fundraising	1,181,328	-	1,181,328
Management and general	1,267,317	-	1,267,317
Total expenses	38,680,818	-	38,680,818
CHANGE IN NET ASSETS	729,002	7,138,596	7,867,598
NET ASSETS, beginning of year	20,445,075	8,566,249	29,011,324
NET ASSETS, end of year	\$ 21,174,077	\$ 15,704,845	\$ 36,878,922

See accompanying notes.

**FOOD Share, Inc.**  
**Statements of Activities**  
**Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND SUPPORT			
Donated food	\$ 19,938,856	\$ 7,410,094	\$ 27,348,950
Contributions	6,389,221	475,450	6,864,671
In-kind contributions	37,642	-	37,642
Grants and contracts	7,879,737	5,000,000	12,879,737
Special events (net of direct donor benefit expenses of approximately \$53,000)	412,055	-	412,055
Other	44,269	-	44,269
Investment return, net	78,302	67,395	145,697
Gain on disposal of property and equipment	52,769	-	52,769
Net assets released from donor restrictions	6,995,808	(6,995,808)	-
Total revenue, gains, and support	41,828,659	5,957,131	47,785,790
EXPENSES			
Program services	33,703,651	-	33,703,651
Fundraising	1,199,960	-	1,199,960
Management and general	1,595,996	-	1,595,996
Total expenses	36,499,607	-	36,499,607
CHANGE IN NET ASSETS	5,329,052	5,957,131	11,286,183
NET ASSETS, beginning of year	15,116,023	2,609,118	17,725,141
NET ASSETS, end of year	\$ 20,445,075	\$ 8,566,249	\$ 29,011,324

See accompanying notes.



**FOOD Share, Inc.**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2024**

	Program Services					
	Agency Distribution	CSFP, EFAP, and Other	Total Program Services	Fundraising	Management and General	Total Expenses
Food distribution, fees, and processing*	\$ 22,339,751	\$ 9,622,300	\$ 31,962,051	\$ -	\$ -	\$ 31,962,051
Salaries	1,103,682	891,525	1,995,207	515,218	857,013	3,367,438
Contract services	190,097	114,669	304,766	136,992	66,938	508,696
Grants to other organizations	53,224	-	53,224	-	-	53,224
Other	515,852	230,302	746,154	205,433	311,689	1,263,276
Printing and mailing	21,011	11,813	32,824	297,680	1,144	331,648
Vehicle and equipment	178,382	133,040	311,422	37	-	311,459
Depreciation	256,907	116,180	373,087	14,797	12,422	400,306
Insurance	95,630	64,211	159,841	5,508	4,624	169,973
Utilities	187,380	106,217	293,597	5,663	13,487	312,747
Total	<u>\$ 24,941,916</u>	<u>\$ 11,290,257</u>	<u>\$ 36,232,173</u>	<u>\$ 1,181,328</u>	<u>\$ 1,267,317</u>	<u>\$ 38,680,818</u>

\*Includes distributed food of \$31,759,243(see Note 3)

See accompanying notes.

**FOOD Share, Inc.**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2023**

	Program Services					
	Agency Distribution	CSFP, EFAP, and Other	Total Program Services	Fundraising	Management and General	Total Expenses
Food distribution, fees, and processing*	\$ 23,639,928	\$ 6,743,115	\$ 30,383,043	\$ -	\$ -	\$ 30,383,043
Salaries	641,879	495,022	1,136,901	304,564	674,230	2,115,695
Contract services	156,009	96,749	252,758	233,754	137,119	623,631
Grants to other organizations	29,044	-	29,044	-	-	29,044
Payroll taxes and employee benefits	260,759	145,627	406,386	72,603	230,691	709,680
Other	483,461	159,422	642,883	164,670	421,215	1,228,768
Printing and mailing	6,314	6,715	13,029	338,253	13,501	364,783
Vehicle and equipment	201,934	117,030	318,964	884	10,880	330,728
Depreciation	251,192	87,397	338,589	33,032	41,995	413,616
Insurance	48,958	51,994	100,952	29,044	36,925	166,921
Utilities	39,034	42,068	81,102	23,156	29,440	133,698
Total	<u>\$ 25,758,512</u>	<u>\$ 7,945,139</u>	<u>\$ 33,703,651</u>	<u>\$ 1,199,960</u>	<u>\$ 1,595,996</u>	<u>\$ 36,499,607</u>

\*Includes distributed food of \$29,720,376 (see Note 3)

See accompanying notes.

**FOOD Share, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,867,598	\$ 11,286,183
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	400,306	413,616
Amortization of finance ROU assets	48,092	47,736
Gain on disposal of property and equipment	(1,682)	(52,769)
Non-cash change in net present value of contributions	(487,925)	(49,551)
Donated food received	(29,820,543)	(26,826,062)
Donated and purchased food distributed	31,759,243	29,720,376
Unrealized gain on investments	(385,966)	(98,933)
(Increase)/decrease in operating assets		
Contributions, grants, and other receivables	(3,073,894)	(926,362)
Prepaid expenses and deposits	38,405	346,986
Purchased food inventory	(2,342,977)	(2,505,585)
(Decrease)/increase in operating liabilities		
Accounts payable and accrued liabilities	370,350	(197,459)
Net cash provided by operating activities	4,371,007	11,158,176
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,230,863)	(6,593,008)
Proceeds from the sale of property and equipment	1,682	94,000
Purchase of and reinvestment in investments net of fees	(6,029,086)	(7,052,967)
Net cash used in investing activities	(10,258,267)	(13,551,975)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance leases	(24,445)	(169,626)
Proceeds from revolving loans	-	4,520,000
Principal payments on revolving loans	-	(4,520,000)
Net cash used in financing activities	(24,445)	(169,626)
CHANGE IN CASH AND CASH EQUIVALENTS	(5,911,705)	(2,563,425)
CASH AND CASH EQUIVALENTS, beginning of year	6,974,770	9,538,195
CASH AND CASH EQUIVALENTS, end of year	\$ 1,063,065	\$ 6,974,770
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 2,672	\$ 21,744

See accompanying notes.

## **FOOD Share, Inc.**

### **Notes to Financial Statements**

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#### **Note 1 – Nature of Organization**

FOOD Share, Inc. (FOOD Share) is a California nonprofit corporation dedicated to feeding, nourishing, and 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 nutritious food every year both through its own direct programs, such as Senior Kits, drive-thru distributions, and Kids' Farmers' Market, as well as through distribution via its network of partner agencies. Utilizing a workforce of nearly 3,900 volunteers, FOOD Share is able to reach the estimated one in four people in Ventura County considered food insecure.

#### **Note 2 – Summary of Significant Accounting Policies**

**Basis of presentation** – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting; consequently, revenues and gains are recognized when earned, and expenses are recognized when incurred regardless of the timing of cash flows.

**Net assets** – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. 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 8.
- *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.

**Cash and cash equivalents** – FOOD Share maintains its cash in bank deposit accounts with five different banks 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. For the purpose of the statements of cash flows, FOOD Share considers all temporary, short-term, highly liquid investments purchased with original maturities of three months or less to be cash.

## FOOD Share, Inc.

### Notes to Financial Statements

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**Contributions, grants, and other receivables** – Receivables are recorded when performance obligations are met for exchange transactions, when unconditionally pledged by others, or when conditions are met for conditional contributions. They represent claims against third parties that will be settled in cash or from donated securities for certain contributions. The allowance for doubtful accounts, if applicable, is estimated based on historical collection trends, type of payor, 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 receivable balance outstanding as of June 30, 2024 and 2023, consists primarily of unconditional contributions from individuals, corporations, or other not-for-profit organizations and from government contract receivables due from county, state, and federal granting agencies for conditional grants that have met the criteria for revenue recognition.

Management evaluated the collectability of accounts receivable as of June 30, 2024 and 2023 and determined that no allowance was considered necessary.

**Investments** – Investments in marketable equity securities are carried at fair value based on quoted prices in active markets or, if there are no such active markets, the investments are valued using quoted prices from similar assets or quoted prices that are not active. Investments also include cash that is held in investment accounts that is intended to be held for long-term purposes or to be reinvested in securities subsequent to year end.

Unrealized gains and losses reflect the changes in the fair values of investments from the prior year. Investment income, net of investment expenses and gains and losses on investments, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or use of endowment funds has not been appropriated. The date of record for investments is the trade date.

Where permitted by law, FOOD Share pools investments for management purposes. Remaining investments are managed as separate investments.

**Food inventory** – Food inventory is recorded at cost if purchased, or at fair value if donated. Inventory is expensed when the food is distributed. Fair value for donated food is determined with reference to studies performed by Feeding America.

**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**

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**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 years ended June 30, 2024 and 2023.

**Leases** – In the ordinary course of business, FOOD Share leases warehouse space, vehicles, and equipment for operations. FOOD Share assesses whether an agreement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the agreement are changed. The lease expense for these leases are recognized on a straight-line basis over the lease term. FOOD Share has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less are not recorded on the statement of financial position, unless the terms contain a purchase option which FOOD Share is reasonably certain to exercise.

Transactions give rise to leases when FOOD Share receives substantially all the economic benefits from and can direct the use of specified property and equipment. FOOD Share determines if an agreement is a lease at inception. The lease assets and liabilities were calculated using the risk-free rate according to FOOD Share elected policy. For finance leases, interest expense is recognized, using the effective interest-rate method over the term of the leases, and ROU assets are depreciated on a straight-line basis over the term of the leases.

ROU assets represent FOOD Share's right to use, or control the use of, a specified asset for the lease term. Lease liabilities are FOOD Share's obligation to make lease payments arising from a lease and are measured on a discounted basis. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term on the commencement date. The operating lease ROU asset includes lease payments made, initial direct costs incurred, and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that FOOD Share will exercise that option. The lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

#### **Revenue recognition**

*Donated food* – FOOD Share receives a significant amount of contributed food inventory. In addition to donations of food from the local agriculture community and retail partners, Food Share also receives contributed food from 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 value, which is determined by FOOD Share with reference to studies performed by Feeding America.

Feeding America, the national food bank network which sets the standards for fiscal operations of food banks, valued commodities at \$1.97 per pound for the year ended June 30, 2024, and at \$1.92 per pound for the year ended June 30, 2023. The donated commodities distributed includes spoilage and shrinkage for the years ended June 30, 2024 and 2023, of \$591,126 and \$610,046, respectively.

## FOOD Share, Inc.

### Notes to Financial Statements

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*Contributions* – FOOD Share recognizes contributions when cash, securities, other assets, unconditional promises to give, and notifications of beneficial interest are received. Contributions receivable are discounted to their present value when payments are expected in future periods exceeding one year. These rates are based on the risk-free rate at the time the gift is promised and ranged from 3.54% to 4.02% for the year ended June 30, 2024. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions. An allowance for uncollectible contributions receivable is provided based upon management's judgement considering factors such as history, type of contribution, and nature of fundraising activity. There were no allowances for uncollectible amounts estimated for the year ended June 30, 2024.

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.

*In-kind contributions* – 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.

(Unaudited) Additionally, 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 years ended June 30, 2024 and 2023, volunteers donated more than 44,000 and 40,700 hours, respectively, valued at an estimated \$1,766,000 and \$1,521,000, respectively. (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 in the State of California.)

*Grants and contracts* – FOOD Share receives grants and contracts from various federal, state, and local government funding sources. These funds are to be spent on specific purposes. Many of the grants are subject to annual budget negotiations and availability of funds. The revenue from grants and contracts that are nonreciprocal is treated like contributions. If the grant or contract is conditional, and therefore a barrier to entitlement exists, revenue is recognized as an increase to net assets without donor restrictions only when the barrier is considered overcome and as allowable expenditures under such agreements are incurred.

Consequently, revenue for these transactions is recognized as expenditures are incurred. Any difference between expenses incurred and total funds received (not to exceed the grant maximum) is recorded as advances on conditional grants. Advances on conditional grants are recognized as revenue in future periods as services are performed.

*Special events* – Revenues from special events consist of contributions, sponsorships, and registration fees. Revenue from sponsorships and registration fees are deferred and recognized once the event has occurred.

## FOOD Share, Inc.

### Notes to Financial Statements

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**Advertising and marketing** – FOOD Share makes the public aware of its outreach and food distribution programs through various forms of marketing and media. These costs are charged as incurred. Total advertising and marketing expenses were approximately \$243,000 and \$291,000 for the years ended June 30, 2024 and 2023, respectively, and are included within other expenses on the statements of functional expenses.

**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 Financial Accounting Standards Board (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 years ended June 30, 2024 and 2023, 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.

**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).

There have been no changes in the techniques and inputs used in valuing assets for the years ended June 30, 2024 and 2023. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the measurement has been determined based on the lowest level input that is significant. The assessment of the significance requires judgement.

While FOOD Share believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value could result in a different estimate at the reporting date.

Investment policies, strategies, goals, and asset allocation are established by the Finance Committee of the Board of Directors. FOOD Share engages an outsourced advisor to assist in the development of investment policies, strategies, and asset allocation, as well as monitoring investment performance.

The following is a description of the instruments measured at fair value as well as a general classification of such instruments pursuant to the valuation hierarchy described above.

**Money market accounts** – Carrying amounts approximated their fair values because of the terms of each investment and the relatively short maturity of these financial instruments.

**U.S. Treasuries** – Valued at the closing price reported on the major market on which the individual security is traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified as Level 1 on the valuation hierarchy.



## FOOD Share, Inc.

### Notes to Financial Statements

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*Domestic equity funds* – These investments consist of U.S. stock which have readily available and determinable market values and are based on quoted market prices.

*Beneficial interest in assets held by Ventura County Community Foundation* – The fair value of funds held at the Ventura County Community Foundation (VCCF) are based on the unit value of FOOD Share's interest in the pool in which it has invested. The unit value is based on the fair value of the underlying assets in the pool as reported to FOOD Share by VCCF unless specific evidence indicates that the unit value should be adjusted. The oversight of the investment portfolio is the responsibility of the VCCF Finance Committee whose members are appointed by and serve the VCCF Board of Directors (VCCF Board), and who administer the investment portfolio in compliance with written policies approved by the VCCF Board. Annual distributions are subject to the policies of VCCF. The methods used to produce the fair value may not be indicative of net realizable value or reflective of future values.

**Functional allocation of expenses** – The costs of providing FOOD Share's programs and other activities have been summarized on a functional basis in the statements of activities and presented by natural classification in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Food distribution, fees, and processing are allocated based on the poundage of food distributed. All other expenses that cannot be directly attributed to a function are accumulated and allocated based on direct costs for that respective program.

**Use of estimates** – The preparation of financial statements in accordance with GAAP 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.

**Reclassifications** – Certain amounts presented in the prior year comparative financial statement have been reclassified to conform to the current year presentation. These reclassifications had no effect on the change in net assets or total net assets.

**Subsequent events** – FOOD Share has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2024, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through June 20, 2025, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, other than the acquisition of property as discussed in Note 16.

**FOOD Share, Inc.**  
**Notes to Financial Statements**

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**Note 3 – Food Inventory**

Changes in food inventory during the years ended June 30, 2024 and 2023, are summarized as follows:

2024				
Dollar value	Beginning Food Inventory	Food Acquired	Food Distributed	Ending Food Inventory
CSFP and EFAP	\$ 955,285	\$ 9,672,522	\$ 9,324,419	\$ 1,303,388
Other donated	457,230	20,148,021	20,199,683	405,568
Purchased	93,080	2,342,977	2,235,141	200,916
Total	<u>\$ 1,505,595</u>	<u>\$ 32,163,520</u>	<u>\$ 31,759,243</u>	<u>\$ 1,909,872</u>
Weight (measured in pounds)	Beginning Food Inventory	Food Acquired	Food Distributed	Ending Food Inventory
CSFP and EFAP	458,961	5,058,673	4,842,303	675,331
Other donated	235,757	10,440,141	10,465,744	210,154
Purchased	160,817	4,750,258	4,619,483	291,592
Total	<u>855,535</u>	<u>20,249,072</u>	<u>19,927,530</u>	<u>1,177,077</u>
2023				
Dollar value	Beginning Food Inventory	Food Acquired	Food Distributed	Ending Food Inventory
CSFP and EFAP	\$ 1,270,629	\$ 6,357,186	\$ 6,672,530	\$ 955,285
Other donated	411,917	20,468,876	20,423,563	457,230
Purchased	211,778	2,505,585	2,624,283	93,080
Total	<u>\$ 1,894,324</u>	<u>\$ 29,331,647</u>	<u>\$ 29,720,376</u>	<u>\$ 1,505,595</u>
Weight (measured in pounds)	Beginning Food Inventory	Food Acquired	Food Distributed	Ending Food Inventory
CSFP and EFAP	730,247	3,077,623	3,348,909	458,961
Other donated	234,805	11,179,520	11,178,568	235,757
Purchased	204,837	4,718,731	4,762,751	160,817
Total	<u>1,169,889</u>	<u>18,975,874</u>	<u>19,290,228</u>	<u>855,535</u>

**FOOD Share, Inc.**  
**Notes to Financial Statements**

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**Note 4 – Contributions, Grants, and Other Receivables**

Contributions, grants, and other receivables as of June 30 consisted of:

	2024	2023
Grants and other receivables	\$ 1,553,187	\$ 973,425
Contributions receivable	3,994,982	525,000
Net present value discount	<u>(537,476)</u>	<u>(49,551)</u>
	<u>\$ 5,010,693</u>	<u>\$ 1,448,874</u>
Amounts due in		
Less than one year	\$ 4,635,693	\$ 1,078,425
One to five years	<u>375,000</u>	<u>370,449</u>
	<u>\$ 5,010,693</u>	<u>\$ 1,448,874</u>

**Note 5 – Investments**

The following tables present the fair value measurements of assets measured at fair value on a recurring basis and the corresponding fair value hierarchy as of June 30:

	2024			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 5,025,006	\$ -	\$ -	\$ 5,025,006
U.S. Treasuries	8,156,575	-	-	8,156,575
Domestic equity securities	15,072	-	-	15,072
Beneficial interest in assets held by Ventura County Community Foundation	-	-	1,485,039	1,485,039
Cash and cash equivalents	<u>338,869</u>	<u>-</u>	<u>-</u>	<u>338,869</u>
Total investments	<u>\$ 13,535,522</u>	<u>\$ -</u>	<u>\$ 1,485,039</u>	<u>\$ 15,020,561</u>
	2023			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 4,476,639	\$ -	\$ -	\$ 4,476,639
U.S. Treasuries	2,538,855	-	-	2,538,855
Domestic equity securities	15,487	-	-	15,487
Beneficial interest in assets held by Ventura County Community Foundation	-	-	1,547,820	1,547,820
Cash and cash equivalents	<u>26,708</u>	<u>-</u>	<u>-</u>	<u>26,708</u>
Total investments	<u>\$ 7,057,689</u>	<u>\$ -</u>	<u>\$ 1,547,820</u>	<u>\$ 8,605,509</u>

# FOOD Share, Inc.

## Notes to Financial Statements

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Investment return, net of investment expenses, consisted of the following for the years ended June 30:

	2024	2023
Dividends and interest	\$ 423,358	\$ 70,411
Unrealized (losses) gains	385,966	98,933
Realized (losses) gains	99,159	(4,327)
Investment advisor fees	(63,536)	(19,320)
Total	<u>\$ 844,947</u>	<u>\$ 145,697</u>

### Note 6 – Property and Equipment

Property and equipment consist of the following as of June 30:

	2024	2023
Land	\$ 10,785,660	\$ 7,015,922
Buildings and improvements	4,721,689	4,697,518
Equipment	963,372	1,012,358
Automobiles and trucks	1,121,780	1,141,600
Furniture and fixtures	22,693	-
Construction in progress	683,248	251,411
Total	18,298,442	14,118,809
Less: accumulated depreciation	<u>(3,869,217)</u>	<u>(3,520,141)</u>
Property and equipment, net	<u>\$ 14,429,225</u>	<u>\$ 10,598,668</u>

Depreciation expense for the years ended June 30, 2024 and 2023, was \$400,306 and \$413,616, respectively. There were no significant commitments for construction as of June 30, 2024.

### Note 7 – Lines of Credit Facility

FOOD Share had a bank line of credit with a facility of \$500,000 (secured by real property) that matured in January 2024. The line of credit bore interest at the greater of 3.5% or the bank's prime rate plus 0.5%. The bank's prime rate as of June 30, 2023, was 7.75% (for a combined effective rate of 8.25%). There were no draws outstanding on the line of credit as of June 30, 2023. The line of credit was closed in January 2024.

In August 2022, FOOD Share entered into a master loan agreement for \$6.8 million that matures in August 2032. In August 2022, FOOD Share withdrew approximately \$4.5 million to aid in the acquisition of a parcel of land located in Oxnard, California. The loan is secured by the land and any rental income generated from the property and accrued interest at a fixed rate of 3.75% per year. FOOD Share repaid the loan balance in September 2022. There was no outstanding amount due as of June 30, 2024 and 2023.

## **FOOD Share, Inc.**

### **Notes to Financial Statements**

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#### **Note 8 – Endowments**

FOOD Share has established two endowment funds at VCCF through the transfer of certain funds with and without donor restrictions to VCCF. FOOD Share's board has interpreted the California Prudent Management of Institutional Funds Act (CPMIFA) as requiring the preservation of the fair value of each original endowment gift absent explicit donor stipulations to the contrary. As a result of this interpretation, FOOD Share has classified as net assets with donor restrictions (a) the original value of gifts donated to the endowment and held in perpetuity, (b) the original value of subsequent gifts to the endowment with donor restrictions, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment income and accumulated gains and losses are classified as net assets with donor restrictions until amounts are appropriated for expenditure by FOOD Share in a manner consistent with the standard of prudence prescribed by CPMIFA.

In accordance with CPMIFA, FOOD Share considers the following factors in making a determination to appropriate or accumulate endowment funds: the duration and preservation of the fund; the purpose of the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other FOOD Share resources; and the investment policies of FOOD Share.

**Return objectives and risk parameters** – FOOD Share has adopted endowment investment and spending policies that attempt to generate a return to cover the projected annual appropriations while maintaining the principal value of the endowment over a long investment horizon. Due to the longer investment horizon, the portfolio is held in a beneficial interest of the VCCF operating endowment. This investment is focused on both capital appreciation and current income.

**Strategies employed for achieving investment objectives** – To achieve its long-term rate of return objectives, FOOD Share relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). FOOD Share believes that its investment held with VCCF will achieve its long-term objectives with prudent risk constraints.

**Relationship of spending policy to investment objectives** – The Board-designated endowment has been established to support general operations and any future budgetary deficits of FOOD Share and is available for distribution upon request from VCCF within a short period of time. Distributions from the donor-restricted endowment are subject to the endowment spending policy of VCCF and shall not exceed 5% of the fair value of the assets of the funds as determined using the average balance of the funds over the prior 12 quarters. FOOD Share received no distributions from the donor-restricted endowment for the years ended June 30, 2024 and 2023. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the statements of activities as investment return. These changes include interest and dividend income as determined by VCCF, realized and unrealized gains and losses, and are net of a VCCF support fee and other investment management fee.

**FOOD Share, Inc.**  
**Notes to Financial Statements**

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**Endowment net asset composition** – Endowment net assets with donor restrictions consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Held in perpetuity	\$ 921,262	\$ 921,262
Accumulated gains	<u>141,083</u>	<u>185,994</u>
Total endowment net assets with donor restrictions	<u><u>\$ 1,062,345</u></u>	<u><u>\$ 1,107,256</u></u>

**Endowment funds with deficits** – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). There were no funds with deficits as of June 30, 2024 and 2023.

**FOOD Share, Inc.**  
**Notes to Financial Statements**

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The table below sets forth a summary of the composition of the VCCF endowment funds as of June 30, 2024 and 2023, as well as the changes in fair value for the years then ended.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Asset Composition by Type of Fund as of June 30, 2024			
Board-designated	\$ 422,694	\$ -	\$ 422,694
Donor-restricted	-	1,062,345	1,062,345
	<u>\$ 422,694</u>	<u>\$ 1,062,345</u>	<u>\$ 1,485,039</u>
Changes in Endowment Net Assets for the Year Ended June 30, 2024			
Endowment net assets, beginning of year	\$ 440,564	\$ 1,107,256	\$ 1,547,820
Distribution	(197,655)	-	(197,655)
Change in value of beneficial interest	179,785	(44,911)	134,874
Endowment net assets, end of year	<u>\$ 422,694</u>	<u>\$ 1,062,345</u>	<u>\$ 1,485,039</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Asset Composition by Type of Fund as of June 30, 2023			
Board-designated	\$ 440,564	\$ -	\$ 440,564
Donor-restricted	-	1,107,256	1,107,256
	<u>\$ 440,564</u>	<u>\$ 1,107,256</u>	<u>\$ 1,547,820</u>
Changes in Endowment Net Assets for the Year Ended June 30, 2023			
Endowment net assets, beginning of year	\$ 413,748	\$ 1,039,861	\$ 1,453,609
Change in value of beneficial interest	26,816	67,395	94,211
Endowment net assets, end of year	<u>\$ 440,564</u>	<u>\$ 1,107,256</u>	<u>\$ 1,547,820</u>

**FOOD Share, Inc.**  
**Notes to Financial Statements**

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**Note 9 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following as of June 30:

	2024	2023
Food Assistance Program (USDA Food Inventory)	\$ 1,303,388	\$ 955,285
Food sourcing	1,053,952	1,028,258
Capital campaign	12,285,160	5,475,450
VCCF Endowment	1,062,345	1,107,256
Total net assets with donor restrictions	<u>\$ 15,704,845</u>	<u>\$ 8,566,249</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 years ended June 30:

	2024	2023
Distribution of USDA Food Inventory	\$ 9,754,192	\$ 6,995,808
Restricted for the passage of time	237,101	-
Total net assets released from with donor restrictions	<u>\$ 9,991,293</u>	<u>\$ 6,995,808</u>

**Note 10 – Donated Food, Professional Services, and Commodities**

FOOD Share receives various forms of gifts-in-kind (GIK) including food and non-food items such as vehicles and professional services. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon estimates of fair value or wholesale values that would be received for selling the goods in their principal market considering their condition and utility at the time the foods are contributed by the donor. Donated GIK are not sold, and goods are only distributed for program use. Non-financial contributions were not monetized for the years ended June 30, 2024 and 2023.

Non-financial Contributions Category	Valuation	2024	2023
Food	Feeding America valuation	\$ 29,820,543	\$ 27,348,950
Professional services	Based on quoted rates for similar services	46,105	37,642
		<u>\$ 29,866,648</u>	<u>\$ 27,386,592</u>



# FOOD Share, Inc.

## Notes to Financial Statements

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### Note 11 – Employee Benefit Plan

FOOD Share has established a 403(b) tax-sheltered annuity plan (the 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 and also makes a one-time initial employer contribution of \$500 for each new employee to start their retirement savings. FOOD Share contributed \$56,135 and \$61,885 to the plan during the years ended June 30, 2024 and 2023, respectively.

### Note 12 – Leases

FOOD Share leases warehouse space, vehicles, and equipment under long-term operating and finance leases. FOOD Share's long-term leases expire through May 2028.

The components of lease cost, which are included in other expenses on the statements of activities, are as follows for the year ended June 30, 2024 and 2023:

	2024	2023
Lease expense		
Amortization of finance ROU assets	\$ 53,188	\$ 47,736
Interest on finance lease liabilities	2,672	1,528
Operating lease expense	195,180	195,180
	<u>251,040</u>	<u>244,444</u>
Total lease expense	<u>\$ 251,040</u>	<u>\$ 244,444</u>

FOOD Share entered into an agreement for one new finance ROU asset for approximately \$54,000 in exchange for a new finance lease liability of the same amount for the year ended June 30, 2023. There were no new operating leases entered into during the year ended June 30, 2024.

For the year ended June 30, 2024, supplemental cash flow information related to long-term operating leases was as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases (i.e. interest)	\$ 2,757	\$ 1,266
Financing cash flows from finance leases (i.e. principal portion)	52,543	46,115
Operating cash flows from operating leases	195,716	192,244
	<u>Operating</u>	<u>Finance</u>
Weighted-average remaining lease term	1.97 years	4.34 years
Weighted-average discount rate	2.74%	1.48%

# FOOD Share, Inc.

## Notes to Financial Statements

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Future minimum lease payments as of June 30, 2024, are as follows:

	Operating	Finance
Years Ending June 30,		
2025	\$ 154,136	\$ 42,570
2026	61,548	40,074
2027	34,944	34,146
2028	3,000	33,160
2029	-	17,729
	<hr/>	<hr/>
Total lease payments	253,628	167,679
Less: imputed interest	<hr/> (6,714) <hr/>	<hr/> (4,220) <hr/>
Lease liabilities as of June 30, 2024	<hr/> \$ 246,914 <hr/>	<hr/> \$ 163,459 <hr/>

### Note 13 – 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 14 – Concentrations of Risk

**Credit risk** – Credit risk is the failure of a third party to perform according to contract terms. The potential credit risk for FOOD Share lies in concentrations of accounts receivable from granting agencies, contributions receivable from limited donors, and investments that are exposed to various risks such as interest rates, credit, and overall market volatility risks. While FOOD Share attempts to minimize its exposure to credit risk, it is reasonably possible that changes in the values of these investments will occur due to market volatility, which could materially impact FOOD Share's investment holdings, and the amounts reported in the financial statements.

**Major grants and contributions** – Approximately \$1.2 million or 35% of total grants and contracts revenue was received from two government agencies for the year ended June 30, 2024. Approximately \$8 million or 62% of total grants and contracts revenue was received from two government agencies for the year ended June 30, 2023. Additionally, as of June 30, 2024 and 2023, approximately 56% and 46% of contributions, grants, and other receivables were due from three organizations, respectively.

**Related-party transactions** – Approximately \$200,000 of contributions recognized for the year ended June 30, 2024, were received from members of the Board. Approximately \$400,000 of contributions recognized for the year ended June 30, 2023, were received from members of the Board.

## FOOD Share, Inc.

### Notes to Financial Statements

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#### **Note 15 – Liquidity and Availability of Financial Resources**

The total financial assets held by FOOD Share as of June 30, 2024 and 2023, 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:

	2024	2023
Financial assets		
Cash	\$ 1,063,065	\$ 6,974,770
Contributions, grants, and other receivables, net	5,010,693	1,448,874
Investments	15,020,561	8,605,509
	<hr/>	<hr/>
Financial assets as of June 30	21,094,319	17,029,153
Less those unavailable for general expenditures within one year due to		
Donor restrictions and board designations	16,127,539	9,006,813
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,966,780</u>	<u>\$ 8,022,340</u>

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. Feeding America requires FOOD Share to demonstrate unrestricted cash reserves equal to or greater than an average quarter's cash operating expenses or demonstrate positive working capital in each of the two preceding fiscal years. As of June 30, 2024 and 2023, FOOD Share was in compliance with this requirement.

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 8, FOOD Share also has a Board-designated endowment fund that could be drawn upon in the event of unanticipated liquidity needs.

#### **Note 16 – Subsequent Events**

FOOD Share has evaluated events and transactions occurring subsequent to the statements of financial position date of June 30, 2024, for items that should potentially be recognized or disclosed in the financial statements. The evaluation was conducted through June 20, 2025, the date the financial statements were available to be issued. No such material events or transactions were noted to have occurred.