

YOLO FOOD BANK
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

YOLO FOOD BANK

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yolo Food Bank and Affiliate
Woodland, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Yolo Food Bank (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yolo Food Bank as of June 30, 2021 and 2020, and the changes in 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.

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Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 21 - 24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021, on our consideration of the Organization'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 Yolo Food Bank's internal control over financial reporting and compliance.

Brogg Christensen Caniglia LLP

December 6, 2021
Roseville, California

YOLO FOOD BANK

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 2,121,470	\$ 4,126,854
Certificates of deposit	4,500,624	-
Grants and accounts receivable, net	494,966	616,965
Pledges receivable, net	455,208	576,754
Inventory	1,956,489	1,910,446
Other assets	<u>22,344</u>	<u>-</u>
Total current assets	<u>9,551,101</u>	<u>7,231,019</u>
Endowment fund	12,632	9,996
Pledges receivable, net of current portion and allowance	369,142	437,379
Reserves	215,661	260,261
Property and equipment, net	<u>6,925,845</u>	<u>6,957,502</u>
Total assets	<u>\$ 17,074,381</u>	<u>\$ 14,896,157</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 79,779	\$ 76,036
Accrued payroll and benefits	308,037	179,948
Deferred revenue	17,203	35,018
Other loan payable - Paycheck Protection Program	-	75,828
Current portion of long-term debt	<u>19,885</u>	<u>18,909</u>
Total current liabilities	424,904	385,739
Long-term debt, net of current portion	<u>3,330,458</u>	<u>3,350,200</u>
Total liabilities	<u>3,755,362</u>	<u>3,735,939</u>
Net assets:		
Without donor restrictions	13,150,288	10,763,435
With donor restrictions	<u>168,731</u>	<u>396,783</u>
Total net assets	<u>13,319,019</u>	<u>11,160,218</u>
Total liabilities and net assets	<u>\$ 17,074,381</u>	<u>\$ 14,896,157</u>

The accompanying notes are an integral part of these consolidated financial statements.

YOLO FOOD BANK

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Support and revenue:			
Grants and awards	\$ 2,459,323	\$ -	\$ 2,459,323
Contributions	3,121,771	156,099	3,277,870
In-kind food donations	20,404,261	-	20,404,261
Fundraising	646,399	-	646,399
Food sales programs	149,934	-	149,934
Miscellaneous income	176,702	-	176,702
Investment income, net	173,730	2,632	176,362
Assets released from with donor restrictions	386,783	(386,783)	-
Total support and revenue	27,518,903	(228,052)	27,290,851
Expenses:			
Program services	22,720,791	-	22,720,791
Support services:			
Management and general	2,397,204	-	2,397,204
Fundraising	14,055	-	14,055
Total expenses	25,132,050	-	25,132,050
Change in net assets	2,386,853	(228,052)	2,158,801
Net assets, beginning of year	10,763,435	396,783	11,160,218
Net assets, end of year	\$ 13,150,288	\$ 168,731	\$ 13,319,019

The accompanying notes are an integral part
of these consolidated financial statements.

YOLO FOOD BANK

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended June 30, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Support and revenue:			
Grants and awards	\$ 2,708,593	\$ -	\$ 2,708,593
Contributions	2,514,608	396,783	2,911,391
In-kind food donations	11,433,284	-	11,433,284
Fundraising	526,949	-	526,949
Food sales programs	162,486	-	162,486
Miscellaneous income	27,524	-	27,524
Investment income, net	197,955	-	197,955
Assets released from with donor restrictions	<u>1,253,817</u>	<u>(1,253,817)</u>	<u>-</u>
Total support and revenue	18,825,216	(857,034)	17,968,182
Expenses:			
Program services	13,360,637	-	13,360,637
Support services:			
Management and general	978,992	-	978,992
Fundraising	<u>131,580</u>	<u>-</u>	<u>131,580</u>
Total expenses	<u>14,471,209</u>	<u>-</u>	<u>14,471,209</u>
Change in net assets	4,354,007	(857,034)	3,496,973
Net assets, beginning of year	<u>6,409,428</u>	<u>1,253,817</u>	<u>7,663,245</u>
Net assets, end of year	<u>\$ 10,763,435</u>	<u>\$ 396,783</u>	<u>\$ 11,160,218</u>

The accompanying notes are an integral part
of these consolidated financial statements.

YOLO FOOD BANK

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

	Program Services	Management and General	Fundraising	2021 Total
Salaries and wages	\$ 642,381	\$ 1,563,034	\$ -	\$ 2,205,415
Payroll taxes	44,644	103,014	-	147,658
Employee benefits	4,684	49,677	-	54,361
Workers compensation insurance	22,319	23,053	-	45,372
Food donations	20,604,460	-	-	20,604,460
Program food purchases	273,430	16,717	-	290,147
Marketing	57,643	60,347	14,055	132,045
Bad debt expense	4,345	-	-	4,345
Occupancy	284	-	-	284
Contract labor	40,270	57,838	-	98,108
Mortgage interest and bank fees	47,469	210,537	-	258,006
Fuel	76,815	17,330	-	94,145
Utilities	47,720	2,689	-	50,409
Supplies and equipment	166,481	74,026	-	240,507
Printing and special events	8,046	6,911	-	14,957
Insurance	38,214	5,944	-	44,158
Maintenance and repairs	43,626	16,975	-	60,601
Depreciation	482,440	-	-	482,440
License and permits	-	4,707	-	4,707
Dues and subscriptions	16,005	10,560	-	26,565
Professional services	76,332	70,539	-	146,871
Telephone	10,115	30,290	-	40,405
Miscellaneous expense	-	44,600	-	44,600
Staff development	13,068	28,416	-	41,484
	<u>\$ 22,720,791</u>	<u>\$ 2,397,204</u>	<u>\$ 14,055</u>	<u>\$ 25,132,050</u>

The accompanying notes are an integral part
of these consolidated financial statements.

YOLO FOOD BANK

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Years Ended June 30, 2021 and 2020

	Program Services	Management and General	Fundraising	2020 Total
Salaries and wages	\$ 1,246,137	\$ 213,618	\$ -	\$ 1,459,755
Payroll taxes	81,492	35,709	-	117,201
Employee benefits	6,836	43,383	-	50,219
Workers compensation insurance	30,929	11,069	-	41,998
Food donations	10,570,440	-	-	10,570,440
Program food purchases	289,613	8,270	-	297,883
Marketing	24,313	28,538	108,962	161,813
Bad debt expense	2,680	436,056	-	438,736
Occupancy	-	1,516	-	1,516
Contract labor	44,939	-	-	44,939
Mortgage interest and bank fees	240,748	12,892	-	253,640
Fuel	66,222	-	-	66,222
Utilities	61,716	14,593	-	76,309
Supplies and equipment	160,007	26,417	-	186,424
Printing and special events	1,415	11,065	-	12,480
Insurance	35,855	8,208	-	44,063
Maintenance and repairs	18,498	15,660	-	34,158
Depreciation	391,481	-	-	391,481
Capital campaign expense	-	-	22,618	22,618
License and permits	1,038	805	-	1,843
Dues and subscriptions	9,901	1,105	-	11,006
Professional services	17,095	77,149	-	94,244
Telephone	9,929	7,047	-	16,976
Miscellaneous expense	44,400	-	-	44,400
Staff development	4,953	25,892	-	30,845
	<u>\$ 13,360,637</u>	<u>\$ 978,992</u>	<u>\$ 131,580</u>	<u>\$ 14,471,209</u>

The accompanying notes are an integral part
of these consolidated financial statements.

YOLO FOOD BANK

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from grants, contributions and other support	\$ 6,845,194	\$ 5,583,066
Cash paid to vendors and employees	(4,036,641)	(3,883,215)
Interest and investment income	176,362	197,955
Interest paid	(221,091)	(221,913)
Withdrawals from reserves	44,600	186,801
Contributions received restricted for food distribution programs	<u>156,099</u>	<u>386,783</u>
Net cash provided by operating activities	<u>2,964,523</u>	<u>2,249,477</u>
Cash flows from investing activities:		
Purchase of fixed assets	(450,783)	(538,876)
Proceeds from investments	2,902	25,443
Change in restricted endowment cash, noncurrent	<u>(2,636)</u>	<u>(9,996)</u>
Net cash used in investing activities	<u>(450,517)</u>	<u>(523,429)</u>
Cash flows from financing activities:		
Contributions received restricted for endowment	-	10,000
Proceeds from Payment Protection Plan	-	269,080
Proceeds from long-term debt	-	400,000
Principal payments on long-term debt	<u>(18,766)</u>	<u>(10,512)</u>
Net cash provided by (used in) financing activities	<u>(18,766)</u>	<u>668,568</u>
Change in cash and cash equivalents	2,495,240	2,394,616
Cash and cash equivalents, beginning of year	<u>4,126,854</u>	<u>1,732,238</u>
Cash and cash equivalents, end of year	<u>\$ 6,622,094</u>	<u>\$ 4,126,854</u>
Supplementary disclosure of non-cash financing activities:		
Change in pledges receivable - restricted for capital campaign	<u>\$ -</u>	<u>\$ 49,655</u>

The accompanying notes are an integral part
of these consolidated financial statements.

YOLO FOOD BANK

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 2,158,801	\$ 3,496,973
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	482,440	391,481
Net realized and unrealized (gains) losses on investments	(2,902)	1,236
Contributions received with donor restrictions	-	(10,000)
Withdrawals from reserves	44,600	186,801
Bad debts	4,345	2,680
Forgiveness of Paycheck Protection Program loan	(75,828)	(193,252)
Change in operating assets and liabilities:		
Grants and accounts receivable, net	117,654	(273,863)
Pledges receivable, net	189,783	(49,655)
Inventory	(46,043)	(1,067,059)
Other assets	(22,344)	833
Accounts payable	3,743	(265,839)
Accrued payroll and benefits	128,089	66,633
Deferred revenue	(17,815)	(37,492)
Net cash provided by operating activities	\$ 2,964,523	\$ 2,249,477

The accompanying notes are an integral part
of these consolidated financial statements.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1: ORGANIZATION

Yolo Food Bank, a nonprofit organization (the "Organization"), was established in 1970. The Organization collects, stores and distributes food and other products to charities serving the needy in Yolo County. The Food Bank is supported primarily through donor contributions and grants. It also receives funding from government grants and the USDA commodities program.

As of June 30, 2019, all assets and liabilities of YFB Foundation (the "Foundation") were consolidated into Yolo Food Bank's consolidated financial statements because they met the criteria for consolidation under Financial Accounting Standards Board Accounting Standards Codification Topic 958, Subtopic 810, *Not-for-Profit Entities – Consolidation* (FASB ASC 958-810). FASB ASC 958-810 requires consolidation if the nonprofit organizations are related to one another by means of ownership, control and/or economic interest. Yolo Food Bank exercises control by having the ability to appoint the Board of Directors of the Foundation and an economic interest in the Foundation. The purpose of the Foundation is to perform the charitable functions of and carry out the charitable purposes of Yolo Food Bank. The Foundation is a supporting organization controlled by Yolo Food Bank, as specified in Section 509(a)(3) of the Internal Revenue Code.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization presents its financial statements in accordance with FASB ASC Topic 958, Subtopic 210, *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on contributions whose restrictions are met in the same reporting period have been reported as without donor restrictions.

Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. Expirations of donor restrictions on contributions whose restrictions are met in the same reporting period have been reported as contributions without donor restrictions.

Periodically donor restrictions related to new assets may be clarified or changed, such changes are reflected as transfers at the time they are identified.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization adopted the provisions of FASB ASC 606 as revised by Accounting Standards Update 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. The Organization has retrospectively adopted the new guidance as of June 30, 2021 with no changes to previously reported net assets.

Contributions, including pledges, are recognized as revenues in the period the contribution or pledge is received. Pledges that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Pledges receivable have been discounted using rates that approximate the risk associated with the ultimate collection of the receivable. The discount is amortized using an effective yield over the expected collection period of the receivable. Collection history is reviewed each year to determine the need for an allowance for uncollectible pledges.

Special event and program revenues are recognized during the fiscal year in which the events and programs occur. Contributions received are recorded as revenues with or without donor restrictions depending on the existence and/or nature of any donor stipulations as to the use of the assets. Donor restricted revenues are then reclassified to net assets without donor restrictions upon satisfaction of those restrictions. Revenues from grant contracts are deferred until satisfaction of performance obligations or upon completion of conditions specified by the funding source.

Revenue from government contracts is recognized to the extent of expenses incurred up to the contract budget limit. Revenue from fee for service contracts is recognized when the service is provided.

The Organization follows the guidance provided by FASB ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) 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 and (2) determining whether a contribution is conditional.

Cash and Cash Equivalents

The Organization considers all cash on hand and highly liquid temporary cash investments with original maturities of three months or fewer to be cash equivalents for the purposes of the statement of financial position and statement of cash flows and represent fair value. The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. As of June 30, 2021 and 2020, the Organization's cash balances exceeded federally insured limits by approximately \$1.5 million and \$3.9 million, respectively. Certificates of deposits with maturity day over ninety days are reported at their cost plus accrued interest, and are held until their maturity date. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments

Investments are stated at fair value. Unrealized and realized gains and losses are included in investment income on the statement of activities. Investment income is reported net of related investment expenses.

Donated Services

A substantial number of volunteers have donated significant hours to the Organization's programs and fund-raising campaigns during the year, however, these services are not reflected in the financial statements since the services do not require specialized skills.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Food and Grocery Products

The Organization reports gifts of donated food and grocery products over which it has control as public support without donor restrictions and as an expense when distributed to local food closets, rescue organizations and kitchens. During the years ended June 30, 2021 and 2020, the Organization received 8,174,261 pounds and 6,570,853 pounds, respectively, of donated products from national and local donors. The donated products were valued at a composite price of \$1.79 and \$1.74 per pound and reflected in the accompany consolidated statement of activities at \$14,631,928 and \$11,433,284 for the years ended June 30, 2021 and 2020, respectively. The composite price is the estimated weighted average wholesale amount per pound as provided by Feeding America.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) basis.

Accrued Vacations

The Organization records a liability for the cost of unused employee benefits in the event of employee terminations. The accrued vacations at June 30, 2021 and 2020 is \$120,099 and \$89,356, respectively.

Grants and Accounts Receivable

Grants and accounts receivable are stated at unpaid balances. No allowance was recorded as management considers receivable to be fully collectible.

Pledges Receivable

Pledges receivable balances are stated at unpaid balance, less an allowance for doubtful accounts. The Organization provides for losses on receivable balances using the allowance method.

Property and Equipment

Acquisitions of fixed assets in excess of \$2,000 are capitalized and stated at cost, or fair value if donated. Property held by the Organization but for which the title reverts to the grantors is treated as a grant expense in year acquired and not presented as property and equipment on the statement of financial position. Property and equipment are depreciated on a straight-line basis over estimated service lives as follows:

Buildings and improvements	15 - 39 years
Office furniture and equipment	3 - 7 years

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. It has been classified as an organization that is not a private foundation. Therefore, charitable contributions are tax deductible. Accordingly, there is no provision for income taxes from operations. The Organization is, however, subject to income taxes from activities unrelated to its tax-exempt purpose such as revenues derived from rent. Income taxes on such amounts were immaterial in 2021 and 2020. After they are filed, the Organization's income tax returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns.

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The Organization records cash received for future services as deferred revenue. This revenue is recognized when services are provided.

Fair Value Measurements

The Organization has implemented the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 820, Subtopic 10, *Fair Value Measurements and Disclosures* (FASB ASC 820-10), which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10.

The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

Endowment

The Organization's endowment consists of gift instruments that are subject to donor restrictions which require that the principal be invested in perpetuity and that the investment income, including net realized gains and losses, be used to support the Organization's mission. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets subject to donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, 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.

The remaining portion of endowment funds continue to be classified as net assets subject to donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization and (7) the investment policies of the Organization.

The Organization has adopted investment and spending policies approved by the Board of Directors.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment (Continued)

The endowment has a policy of appropriating amounts for distribution in accordance with the criteria established by the original gift instructions. The spendable amount of endowed funds is determined by the Sacramento Region Community Foundation. The annual dollar amount is determined by calculating the rolling average fair market value of the endowed funds over the previous 12 quarters. This rolling average is then multiplied by the current spending percentage to arrive at the spendable amount. The Sacramento Region Community Foundation reviews its spending policy annually, and may increase or decrease the percentage available to spend. In establishing this policy, the long-term expected return on the related endowment funds has been considered. Accordingly, over the long term, the Organization expects the current spending policies to allow the endowment funds to be appropriately maintained.

Upcoming Accounting Pronouncements

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842)*. The new standard will supersede much of the existing authoritative literature for leases. Under ASU 2016-02, a lessee will be required to recognize right-to-use assets and liabilities on their statement of financial position for all leases with lease terms of more than twelve months. The amendments in the update are effective for annual reporting periods beginning after December 15, 2021. Early application is permitted. Organization is currently evaluating the impact the adoption of this ASU will have on its financial statements.

In September 2020, the FASB issued *ASU 2020-07, Not-for-Profit Entities – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is meant to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities ("NFP"), including additional disclosure requirements for recognized contributed services. This ASU requires that all NFP receiving nonfinancial assets must present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires further disclosure on the contributed nonfinancial assets in the notes to the financial statements. The ASU will be applied retrospectively and is effective for fiscal years beginning after June 15, 2021, and interim periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact the adoption of this ASU will have on its financial statements.

Subsequent Events

Management has evaluated events and transactions for potential recognition and disclosure through December 6, 2021, which is the date the financial statements were available to be issued.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of Organization'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 of June 30, 2021 and 2020, the Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,121,470	\$ 4,126,854
Certificates of deposit	4,500,624	-
Grants and accounts receivable, net	494,966	616,965
Current pledges receivable, net	<u>455,208</u>	<u>576,754</u>
Financial assets	7,572,268	5,320,573
Less those unavailable for general expenditure within one year, due to purpose restrictions stipulated by donors	<u>(158,731)</u>	<u>(396,783)</u>
Financial assets available to meet cash need for expenditures within one year	<u>\$ 7,413,537</u>	<u>\$ 4,923,790</u>

NOTE 4: INVENTORY

Purchased inventory is stated at lower of cost or net realizable value. Commodities and other donated inventories are stated at the average composite wholesale value of \$1.79 and \$1.74 per pound for the years ending June 30, 2021 and 2020, respectively. The composite price is the estimated weighted average wholesale amount per pound.

Inventory at June 30, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Donated food inventory	\$ 1,421,179	\$ 1,443,473
Commodities inventory	161,061	160,977
Purchased inventory	<u>374,249</u>	<u>305,996</u>
Total inventory	<u>\$ 1,956,489</u>	<u>\$ 1,910,446</u>

NOTE 5: GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable represent reimbursements from the following sources for program costs incurred prior to June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
California Department of Social Services - EFAP	\$ 117,700	\$ 107,768
CalRecycle	4,290	74,029
Federal Emergency Management Agency	203,174	-
Yolo County	36,565	311,356
Yocha Dehe Wintun Nation	-	100,000
Sutter Health Valley Area	100,000	-
Other receivables	<u>33,237</u>	<u>23,812</u>
Total grants and accounts receivable	<u>\$ 494,966</u>	<u>\$ 616,965</u>

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6: PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Pledges receivable	\$ 888,504	\$ 1,093,137
Less discount to present value	(19,725)	(24,638)
Less allowance for doubtful accounts	<u>(44,429)</u>	<u>(54,366)</u>
Total pledges receivable	<u>\$ 824,350</u>	<u>\$ 1,014,133</u>

In 2016, the Organization began a capital campaign designed to raise funds for the acquisition and rehabilitation of a new facility. The unconditional promises to give reported as capital campaign receivable consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 479,170	\$ 606,803
Less allowance for doubtful accounts	<u>(23,962)</u>	<u>(30,049)</u>
Current pledges receivable, net	<u>\$ 455,208</u>	<u>\$ 576,754</u>
Receivable in one to five years	\$ 409,334	\$ 486,334
Less discount to present value at 2.5%	(19,725)	(24,638)
Less allowance for doubtful accounts	<u>(20,467)</u>	<u>(24,317)</u>
Noncurrent pledges receivable, net	<u>\$ 369,142</u>	<u>\$ 437,379</u>

NOTE 7: RESERVES

Reserves at June 30, 2021 and 2020, consisted of the following balances:

	<u>2021</u>	<u>2020</u>
Lender Fee Reserve	<u>\$ 215,661</u>	<u>\$ 260,261</u>
Total reserves	<u>\$ 215,661</u>	<u>\$ 260,261</u>

Lender Fee Reserve

The Organization is required by the lender to fund a Lender Fee Reserve in the amount of \$323,700 from the proceeds of the Loan. The Organization shall utilize the proceeds in the Lender Fee Reserve to make payments due under the Fee Agreement with the Lender. See Note 15 for additional information on the Fee and Expense Agreement.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 8: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Property and equipment:		
Land	\$ 352,783	\$ 352,783
Building and improvements	1,117,608	1,113,888
Furniture and fixtures	718,669	629,990
Machinery and equipment	827,255	635,728
Vehicles	663,828	487,302
Construction in progress	<u>4,428,643</u>	<u>4,428,643</u>
Total property and equipment	8,108,786	7,648,334
Less accumulated depreciation	<u>(1,182,941)</u>	<u>(690,832)</u>
Property and equipment, net	<u>\$ 6,925,845</u>	<u>\$ 6,957,502</u>

Depreciation expense was \$482,440 and \$391,481 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9: LONG-TERM DEBT

During 2019, the Organization obtained a total loan from Northern California Community Loan Fund in the amount of \$1,251,021. The loan was separated into two source loans, Loan A and Loan B with a balance of \$951,021 and \$300,000, respectively. Loan A has a term of seven years with an interest rate of 5.50%. Loan A has an interest only period of 6 months and then principal and interest payments of \$5,840 are due monthly. Loan A matures on May 2, 2026. Loan A has a balance of \$921,743 and \$940,509 at June 30, 2021 and 2020, respectively. Loan B was repaid in full during the year ended June 30, 2019.

During 2019, the Foundation obtained a loan from Northern California Community Loan Fund in the amount of \$2,028,600 in relation to the New Market Tax Credit transaction that occurred during the year. See Note 15 New Market Tax Credits for additional information. The loan has a term of 35 years and matures on May 2, 2054. The loan requires quarterly interest only payments of \$12,679 for 7 years. Beginning on June 5, 2026, principal and interest payments of \$25,240 are due quarterly. The loan has a balance of \$2,028,600 at June 30, 2021 and 2020.

During 2020, the Organization obtained a loan from Community Vision Capital and Consulting for \$400,000. The loan has a term of 30 months with an interest rate of 4%. The loan requires monthly interest payments of \$1,333 and all outstanding principal and interest are due at maturity. In June 2020, the interest rate of the loan was modified to 0%. The loan has a balance of \$400,000 at June 30, 2021 and 2020.

The following is a summary of the maturities of the notes payable in each of the next five years and thereafter are as follows:

<u>Year Ending June 30:</u>	
2022	\$ 19,885
2023	421,006
2024	22,191
2025	23,443
2026	847,779
Thereafter	<u>2,016,039</u>
Total	<u>\$ 3,350,343</u>

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 10: LEASE COMMITMENTS

In May 2019, the Organization entered into a lease with the Foundation for the land, building and equipment located at 233 Harter Avenue. The lease for the land and building is a 35-year lease requiring minimum yearly payments of \$113,345. The lease for the equipment is a 8-year lease requiring minimum yearly payments of \$70,000. The rental expense for the years ended June 30, 2021 and 2020 totaled \$367,259 and \$376,634, respectively. The intercompany expense and revenue relating to the lease was eliminated during consolidation.

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Endowment	\$ 12,632	\$ 10,000
Food distribution programs	146,099	386,783
	<u>158,731</u>	<u>396,783</u>
Total net assets with donor restrictions	<u>\$ 158,731</u>	<u>\$ 396,783</u>

NOTE 12: ENDOWMENT FUND

During the years ended June 30, 2021 and 2020, Yolo Food Bank invested funds in perpetuity with the Sacramento Region Community Foundation based on an endowed agency fund agreement which provides funds to support Yolo Food Bank's food distribution activities in the Yolo County. Principal of the endowment fund is invested and to be kept in perpetuity. Income generated by the endowment fund is available for distribution to support Yolo Food Bank's food distribution activities.

The Sacramento Region Community Foundation charges an annual fee of 1.5% to manage the assets of the endowment and calculates amounts that are spendable by Yolo Food Bank under the agreement.

Spending Policy

The current spending percentage for the years ended June 30, 2021 and 2020 was set at 4% for each of the years.

Net assets related to the endowment fund consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2020	\$ -	\$ 10,000	\$ 10,000
Investment income	-	2,632	2,632
	<u>-</u>	<u>12,632</u>	<u>12,632</u>
Endowment net assets, June 30, 2021	<u>\$ -</u>	<u>\$ 12,632</u>	<u>\$ 12,632</u>

NOTE 13: RETIREMENT PLAN

The Organization has established a salary deferral plan under Internal Revenue Code 403(b) covering all employees. The Organization contributes a maximum of 3% of an employee's gross annual salary after the first year of employment. Contributions to the plan were \$22,000 and \$17,211 for the years ended June 30, 2021 and 2020, respectively.

NOTE 14: COMMITMENTS AND CONTINGENCIES

The Organization has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursement will not be material.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 15: NEW MARKET TAX CREDIT PROGRAM

To meet demand and prepare for future needs, in 2013 Yolo Food Bank acquired the land and industrial building located at 233 Harter Ave, Woodland, California (the "Property"). The Property was purchased for \$1,265,000, of which \$948,750 was financed through long-term debt (see Note 9). The Property was purchased to rehabilitate and develop into an approximately 42,500 square-foot facility, to serve as organizational headquarters, a food bank and educational outreach facility. The Property more than doubled the size of the Yolo Food Bank's previous facility and provided for three-times the warehouse space, additional administrative offices and meeting rooms for expanded educational outreach programs.

After acquiring the Property, Yolo Food Bank began a Capital Campaign to help fund the rehabilitation and development of the Property. Since 2013, Yolo Food Bank has collected approximately \$6 million in Capital Campaign pledges. Although Yolo Food Bank had secured a substantial amount of funds to rehabilitate and develop the Property, additional financing was needed. Yolo Food Bank sought funding through proceeds of a corporate investment associate with the United States Treasury's New Market Tax Credits ("NMTC") program to help fund the gap. Under the NMTC program, investors in businesses located in qualifying census tracts or serving targeted low-income populations are eligible for a tax credit on their invested funds.

To ensure that the investors investment funds are properly protected from program operating risks, NMTC investors require that their investments be made into a special purpose entity that owns and operates the physical real estate asset, but does not directly provide program services. Yolo Food Bank formed the YFB Foundation to serve as the special purpose entity to receive the NMTC financing.

The NMTC program also required the creation of an investment Fund, COCRF Investor 116, LLC (the "Investment Fund") and a sub-community development entity, NCCLP NMTC SUB-CDE 22, LLC (the "Sub-CDE"). The Investment Fund is owned solely by Capital One, N.A., however all of the interests and rights of the Investment Fund have been assigned to Yolo Food Bank. The purpose of these entities is to accumulate and distribute funds under the guidelines of the NMTC program.

The first phase of the NMTC Program required Yolo Food Bank to fund a loan to the Investment Fund in the amount of \$4,761,400. To fund this loan, in addition to contributing approximately \$3,600,000 of capital campaign funds, Yolo Food Bank obtained a loan from Northern California Community Loan Fund ("NCCLF") in the amount of \$1,251,021. This loan was separated into two source loans in the amounts of \$951,021 and \$300,000 (see Note 9). Through the source loans obtained, Capital Campaign pledges and cash on hand, Yolo Food Bank successfully funded the \$4,761,400 loan to the Investment Fund.

During the second phase of the NMTC program, the Investment Fund obtained a loan from Capital One with the NMTC Equity of \$2,238,600. After funding, a total of \$7,000,000 was being held by the Investment Fund.

The third phase of the NMTC program required the Investment fund to make a contribution of equity to the Sub-CDE in the amount of \$7,000,000 (the "Investment Fund Capital Contribution"). The Sub-CDE used \$6,790,000 to make loans of \$4,761,400 and \$2,028,600 to YFB Foundation, which was used to (a) finance the hard and soft costs incurred in connection with the development of the Property (b) pay transaction costs incurred in connection with the Loans and (c) fund the reserves as described in below. The remaining \$210,000 of the Investment Fund Capital Contribution was used to pay NCCLF a sub-allocation fee. The Investment Fund Capital Contribution is intended to remain invested in Sub-CDE through the 7-year compliance period in accordance with NMTC Program Requirements.

Upon receiving the loans from the Sub-CDE of \$4,761,400 and \$2,028,600, the YFB Foundation used \$3,998,786 of the loan proceeds to reimburse Yolo Food Bank for costs incurred on the development of the Property. The remainder of the proceeds totaling \$2,791,214 were used to finance additional costs in connection with the development of the property, pay transaction costs incurred in connection with the Loans, and fund reserves as described below.

YFB Foundation was obligated to fund two reserves, the Debt Service Reserve and the Lender Fee Reserve, with the proceeds obtained from the Sub-CDE loans. The Debt Service Reserve and Lender Fee Reserve had initial funding of \$169,750 and \$323,700, respectively, from the proceeds of the loans.

YOLO FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15: NEW MARKET TAX CREDIT PROGRAM (CONTINUED)

The Debt Service Reserve can be utilized to make interest payments that are due under the loan agreement and the Lender Fee Reserve can be utilized to make payments that are due under the Fee Agreement with the NCCLF (see Note 7).

Additionally, in conjunction with the NMTC Program, a Fee Agreement with NCCLF provides for two fees that will be paid over the 7-year compliance period. The first fee, is the Asset Management Fee payable in the amount of \$35,000 annually on December 1st of each year. The second fee, is the Administrative Expenses Fee for the expenses that NCCLF will incur due to the loans made to YFB Foundation. The fee is to be paid within 10 days following written notice from NCCLF in the amount requested. The projected Administrative Expenses for the 7-year compliance period is approximately \$78,700. However, in the event that the fees exceed the Lender Fee Reserve, the Organization shall be obligated to reimburse NCCLF for any excess administrative fees.

NOTE 16: PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization was granted a loan from First Northern Bank of Dixon in the amount of \$269,080 under the Paycheck Protection Program ("PPP") as part of the CARES Act. The note and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. During the years ended June 30, 2021 and 2020, the Organization had met the conditions for loan forgiveness in the amount of \$75,828 and \$193,252, respectively. For the years ended June 30, 2021 and 2020, the Organization recognized \$75,828 and \$193,252 as grant revenue in the consolidated statements of activities, respectively.

NOTE 17: RISKS AND UNCERTAINTIES

The COVID-19 coronavirus outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

YOLO FOOD BANK

SCHEDULE I
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	Yolo Food Bank	YFB Foundation	Eliminating Entries	2021 Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,108,575	\$ 12,895	\$ -	\$ 2,121,470
Certificates of deposit	4,500,624	-	-	4,500,624
Grants and accounts receivable, net	510,634	594,808	(610,476)	494,966
Pledges receivable, net	455,208	-	-	455,208
Inventory	1,956,489	-	-	1,956,489
Other assets	325,421	-	(303,077)	22,344
Total current assets	9,856,951	607,703	(913,553)	9,551,101
Endowment fund	12,632	-	-	12,632
Pledges receivable, net of current portion and allowance	369,142	-	-	369,142
Reserves	-	215,661	-	215,661
Loan receivable	4,761,400	-	(4,761,400)	-
Property and equipment, net	358,256	6,567,589	-	6,925,845
Total assets	\$ 15,358,381	\$ 7,390,953	\$ (5,674,953)	\$ 17,074,381
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 674,587	\$ 303,077	\$ (897,885)	\$ 79,779
Other payable	-	15,668	(15,668)	-
Accrued payroll and benefits	308,037	-	-	308,037
Deferred revenue	17,203	-	-	17,203
Current portion of long-term debt	19,885	-	-	19,885
Total current liabilities	1,019,712	318,745	(913,553)	424,904
Long-term debt, net of current portion	1,301,858	6,790,000	(4,761,400)	3,330,458
Total liabilities	2,321,570	7,108,745	(5,674,953)	3,755,362
Net assets:				
Without donor restrictions	12,868,080	282,208	-	13,150,288
With donor restrictions	168,731	-	-	168,731
Total net assets	13,036,811	282,208	-	13,319,019
Total liabilities and net assets	\$ 15,358,381	\$ 7,390,953	\$ (5,674,953)	\$ 17,074,381

See independent auditor's report.

YOLO FOOD BANK

SCHEDULE I
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
June 30, 2021 and 2020

	Yolo Food Bank	YFB Foundation	Eliminating Entries	2020 Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,126,879	\$ (25)	\$ -	\$ 4,126,854
Grants and accounts receivable, net	616,906	410,494	(410,435)	616,965
Pledges receivable, net	576,754	-	-	576,754
Inventory	1,910,446	-	-	1,910,446
Total current assets	7,230,985	410,469	(410,435)	7,231,019
Endowment fund	9,996	-	-	9,996
Pledges receivable, net of current portion and allowance	437,379	-	-	437,379
Reserves	-	260,261	-	260,261
Loan receivable	4,761,400	-	(4,761,400)	-
Property and equipment, net	141,480	6,816,022	-	6,957,502
Total assets	\$ 12,581,240	\$ 7,486,752	\$ (5,171,835)	\$ 14,896,157
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 486,471	\$ -	\$ (410,435)	\$ 76,036
Accrued payroll and benefits	179,948	-	-	179,948
Deferred revenue	35,018	-	-	35,018
Other loan payable - Paycheck Protection Program	75,828	-	-	75,828
Current portion of long-term debt	18,909	-	-	18,909
Total current liabilities	796,174	-	(410,435)	385,739
Long-term debt, net of current portion	1,321,600	6,790,000	(4,761,400)	3,350,200
Total liabilities	2,117,774	6,790,000	(5,171,835)	3,735,939
Net assets:				
Without donor restrictions	10,066,683	696,752	-	10,763,435
With donor restrictions	396,783	-	-	396,783
Total net assets	10,463,466	696,752	-	11,160,218
Total liabilities and net assets	\$ 12,581,240	\$ 7,486,752	\$ (5,171,835)	\$ 14,896,157

See independent auditor's report.

YOLO FOOD BANK

SCHEDULE II
CONSOLIDATING STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	Yolo Food Bank	YFB Foundation	Eliminating Entries	2021 Consolidated
Net assets without donor restrictions:				
Support and revenue:				
Grants and awards	\$ 2,459,323	\$ -	\$ -	\$ 2,459,323
Contributions	3,131,771	-	-	3,131,771
In-kind food donations	20,404,261	-	-	20,404,261
Fundraising	646,399	-	-	646,399
Food sales programs	149,934	-	-	149,934
Miscellaneous income	176,202	367,759	(367,259)	176,702
Investment income, net	476,807	-	(303,077)	173,730
Assets released from with donor restrictions	386,783	-	-	386,783
Total unrestricted revenue and support	<u>27,831,480</u>	<u>367,759</u>	<u>(670,336)</u>	<u>27,528,903</u>
Expenses:				
Program services	23,022,425	-	(301,634)	22,720,791
Support services:				
Management and general	1,983,603	782,303	(368,702)	2,397,204
Fundraising	14,055	-	-	14,055
Total unrestricted expenses	<u>25,020,083</u>	<u>782,303</u>	<u>(670,336)</u>	<u>25,132,050</u>
Change in net assets without donor restrictions	2,811,397	(414,544)	-	2,396,853
Net assets with donor restrictions:				
Support and revenue:				
Contributions	146,099	-	-	146,099
Investment income, net	2,632	-	-	2,632
Assets released from with donor restrictions	<u>(386,783)</u>	<u>-</u>	<u>-</u>	<u>(386,783)</u>
Change in net assets with donor restrictions	(238,052)	-	-	(238,052)
Net assets, beginning of year	<u>10,463,466</u>	<u>696,752</u>	<u>-</u>	<u>11,160,218</u>
Net assets, end of year	<u>\$ 13,036,811</u>	<u>\$ 282,208</u>	<u>\$ -</u>	<u>\$ 13,319,019</u>

See independent auditor's report.

YOLO FOOD BANK

SCHEDULE II
CONSOLIDATING STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended June 30, 2021 and 2020

	Yolo Food Bank	YFB Foundation	Eliminating Entries	2020 Consolidated
Net assets without donor restrictions:				
Support and revenue:				
Grants and awards	\$ 2,708,593	\$ -	\$ -	\$ 2,708,593
Contributions	2,514,608	-	-	2,514,608
In-kind food donations	11,433,284	-	-	11,433,284
Fundraising	526,949	-	-	526,949
Food sales programs	162,486	-	-	162,486
Investment income, net	197,955	-	-	197,955
Miscellaneous income	19,864	384,294	(376,634)	27,524
Assets released from with donor restrictions	<u>1,253,817</u>	<u>-</u>	<u>-</u>	<u>1,253,817</u>
Total unrestricted revenue and support	<u>18,817,556</u>	<u>384,294</u>	<u>(376,634)</u>	<u>18,825,216</u>
Expenses:				
Program services	13,699,608	-	(338,971)	13,360,637
Support services:				
Management and general	451,353	565,302	(37,663)	978,992
Fundraising	<u>131,580</u>	<u>-</u>	<u>-</u>	<u>131,580</u>
Total unrestricted expenses	<u>14,282,541</u>	<u>565,302</u>	<u>(376,634)</u>	<u>14,471,209</u>
Change in net assets without donor restrictions	4,535,015	(181,008)	-	4,354,007
Net assets with donor restrictions:				
Support and revenue:				
Contributions	396,783	-	-	396,783
Assets released from with donor restrictions	<u>(1,253,817)</u>	<u>-</u>	<u>-</u>	<u>(1,253,817)</u>
Change in net assets with donor restrictions	(857,034)	-	-	(857,034)
Net assets, beginning of year	<u>6,785,485</u>	<u>877,760</u>	<u>-</u>	<u>7,663,245</u>
Net assets, end of year	<u>\$ 10,463,466</u>	<u>\$ 696,752</u>	<u>\$ -</u>	<u>\$ 11,160,218</u>

See independent auditor's report.

YOLO FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Program Name	Assistance Listing Number	Program Expenditures
<u>U.S. Department of Agriculture pass-through programs:</u>		
California Department of Social Services:		
Commodities Emergency Food Assistance Programs	10.569	\$ 958,506
Commodities Emergency Food Assistance Programs	10.568	<u>572,137</u>
Total U.S. Department of Agriculture		<u>1,530,643</u>
<u>U.S. Department of Housing and Urban Development pass-through programs:</u>		
City of Woodland Community Development Program:		
Community Development Block Grant	14.218	<u>11,000</u>
<u>U.S. Department of Health and Human Services pass-through programs:</u>		
County of Yolo Health and Human Services Agency:		
Vaccine Outreach and Enrollment COVID-19	93.323	22,611
Regional Emergency Food and Shelter Program:		
Emergency Food and Shelter National Board Program COVID-19	97.024	<u>37,562</u>
Total U.S. Department of Health and Human Services		<u>60,173</u>
Total expenditures of federal awards		<u>\$ 1,601,816</u>

See accompanying notes to the schedule of expenditures of federal awards.

YOLO FOOD BANK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of Yolo Food Bank (the "Organization"). All expenditures of federal financial assistance received are included in the schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenses of federal grant activity of the Organization is presented on the accrual basis of accounting. 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).

NOTE 3: CLAIMS

The Organization has received federal grants for specific purposes that are subject to review and audit by the Federal Government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

NOTE 4: INDIRECT COST REIMBURSEMENTS

The Uniform Guidance requires that all indirect costs be charged through the use of an approved indirect cost rate. When no indirect cost rate has been approved, the Uniform Guidance allows for a one-time election to use a 10% *de minimus* reimbursement rate. The Organization has not elected to use the 10% *de minimus* indirect cost rate allowed under Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Yolo Food Bank
Woodland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Yolo Food Bank (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 6, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Propp Christensen Caniglia LLP

December 6, 2021
Roseville, California

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Yolo Food Bank
Woodland, California

Report on Compliance for Each Major Federal Program

We have audited Yolo Food Bank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Yolo Food Bank's major federal programs for the year ended June 30, 2021. Yolo Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Yolo Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Propp Christenson Caniglia LLP

December 6, 2021
Roseville, California

YOLO FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued on basic consolidated financial statements Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness? No

Noncompliance material to consolidated financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? No

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
10.568, 10.569	Emergency Food Assistance Program Cluster

The dollar threshold used to distinguish between type A and type B program was: \$750,000

Yolo Food Bank does not qualify as a low-risk auditee.

II. FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT

No current year consolidated financial statement findings.

III. FINDINGS – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDIT

No current year major federal award program findings.

YOLO FOOD BANK

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

IV. PRIOR AUDIT FINDINGS

FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT

Finding: 2020-001

Finding Type: Significant Deficiency

Condition

An adjustment to revenue without donor restrictions and pledges receivable was necessary to present the consolidated financial statements in accordance with generally accepted accounting principles.

Recommendation

We recommend that policies and procedures be implemented to ensure that reconciliations are completed and revenue is recorded in the appropriate period.

Current Status

No similar findings were noted in the current year audit.

FINDINGS – MAJOR FEDERAL PROGRAM AUDIT

Finding: 2020-002

Condition

Payroll costs allocated to the grant appear to be based upon estimates, provided by employee's supervisor, of the percentage of time spent by employees on grant activities.

Recommendation

We recommend that the Organization maintain timesheets by activity or perform time studies that allows the Organization to adequately demonstrate the tracking and allocation of payroll costs for both federally assisted and non-federally assisted activities to which employee costs are charged.

Current Status

No similar findings were noted in the current year audit.