FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Feeding America Riverside/ San Bernardino

Report on the Financial Statements

We have audited the accompanying financial statements of **Feeding America Riverside/ San Bernardino**, which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Feeding America Riverside/ San Bernardino** as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Food Received and Distributed is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements for Federal Awards,* is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2022, on our consideration of **Feeding America Riverside/ San Bernardino's** internal control over financial reporting and our test 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 testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Feeding America Riverside/ San Bernardino's internal control over financial reporting and compliance.

Suchan + Associates

Suchan & Associates
An Accountancy Corporation

Rancho Cucamonga, California
January 14, 2022

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

CURRENT ASSETS	
Cash (Note 3)	$ 8,789,292
Accounts receivable (Note 2)	85,676
Grants receivable (Note 2)	161,898
Food inventories (Notes 2 and 5)	1,583,423
Prepaids expenses	41,238
Total Current Assets	**10,661,527**
RESTRICTED DEPOSITS (Notes 3 and 4)	
Cash - Capital funds	397,853
PROPERTY AND EQUIPMENT (Notes 2 and 6)	604,590
OTHER ASSETS	
Deposits	6,800
Total Assets	**$ 11,670,770**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses (Note 8)	$ 149,827
Deferred revenue (Note 2)	87,150
Refundable advances (Note 2)	14,500
Total Current Liabilities	**251,477**
NET ASSETS	
Net assets without donor restrictions (Note 2)	8,509,272
Net assets without donor restrictions - board designated (Note 2)	37,500
Net assets without donor restrictions	8,546,772
Net assets with donor restrictions (Notes 2 and 4)	1,289,098
Net assets with donor restrictions- in-kind (Note 5)	1,583,423
Total Net Assets With Donor Restrictions	2,872,521
Total Net Assets	**11,419,293**
Total Liabilities and Net Assets	**$ 11,670,770**

The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions: Cash Activity	With Donor Restrictions: Non-cash Inkind Activity	Total
PUBLIC SUPPORT AND REVENUES				
Support and Revenues				
Contributions	$ 3,946,518	$ 1,583,317	$ -	$ 5,529,835
Special events	113,857	-	-	113,857
United Way	114,271	-	-	114,271
Total Support and Revenues	**4,174,646**	**1,583,317**	**-**	**5,757,963**
Government grants				
Government grants	2,315,068	-	17,145,655	19,460,723
In-kind food contributions	-	-	32,669,476	32,669,476
Total Government Grants	**2,315,068**	**-**	**49,815,131**	**52,130,199**
Other Revenue				
Shared maintenance	1,373,067	-	-	1,373,067
Interest	1,291	-	-	1,291
Recycling	22,637	-	-	22,637
Other income	287,210	-	-	287,210
Total Other Revenue	**1,684,205**	**-**	**-**	**1,684,205**
Subtotal	**8,173,919**	**1,583,317**	**49,815,131**	**59,572,367**
Net assets released from restrictions				
Restrictions satisified by use	50,933,874	(819,214)	(50,114,660)	-
TOTAL REVENUES	**59,107,793**	**764,103**	**(299,529)**	**59,572,367**
EXPENSES				
Program services	54,111,098	-	-	54,111,098
Supporting services	628,413	-	-	628,413
Fundraising	207,974	-	-	207,974
Total Expenses	**54,947,485**	**-**	**-**	**54,947,485**
Total Operating Income (Loss)	**4,160,308**	**764,103**	**(299,529)**	**4,624,882**
NON-OPERATING INCOME (LOSS)				
Gain (loss) on sale of assets	49,000	-	-	49,000
Change in net assets	**4,209,308**	**764,103**	**(299,529)**	**4,673,882**
Net Assets, beginning of year	4,337,464	524,995	1,882,952	6,745,411
Net Assets, end of year	**$ 8,546,772**	**$ 1,289,098**	**$ 1,583,423**	**$ 11,419,293**

The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	Programs Services	Support Services		
	Food Distribution	General and Admin.	Fund Raising	Total
Salaries and wages	$ 888,554	$ 374,859	$ 124,953	$ 1,388,366
Payroll taxes	65,203	27,507	9,169	101,879
Employee benefits	120,973	51,035	17,012	189,020
Consulting and staffing	1,920	810	270	3,000
Professional fees	75,021	10,230	-	85,251
Supplies	1,147,409	12,719	12,154	1,172,282
Telephone	15,788	6,660	2,220	24,668
Transportation	51,082	6,966	-	58,048
Postage	4,455	608	6,801	11,864
Printing	464	-	19,927	20,391
Occupancy	409,910	57,870	14,467	482,247
Insurance	45,747	6,238	-	51,985
Equipment rental and maintenance	78,441	20,387	-	98,828
Travel and conference	1,010	138	-	1,148
Dues and subscriptions	-	22,663	-	22,663
Food purchases	887,442	-	-	887,442
Miscellaneous	7,135	3,010	1,002	11,147
Total Expenses Before Depreciation and In-kind	**3,800,554**	**601,701**	**207,974**	**4,610,229**
In-kind food donations	50,114,660	-	-	50,114,660
Depreciation	195,884	26,712	-	222,596
Total Functional Expenses	**$ 54,111,098**	**$ 628,413**	**$ 207,974**	**$ 54,947,485**

The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

STATEMENT OF CASH FLOWS

Year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 4,673,882
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities)	
Depreciation expense	222,596
Gain on disposition of assets	(49,000)
(Increase) decrease in assets:	
Inventory	275,464
Accounts receivable	(74,002)
Grants receivable	322,897
Prepaid expenses	(4,416)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	17,226
Deferred revenue	(6,936)
Refundable advances	(215,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**5,162,211**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of fixed assets	49,000
Payments for purchase of fixed assets	(426,465)
NET CASH USED FOR INVESTING ACTIVITIES	**(377,465)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on line of credit	(100,000)
NET CASH USED FOR FINANCING ACTIVITIES	**(100,000)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,684,746**
BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**4,502,399**
ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH (Note 3)	**$ 9,187,145**

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the years for:

Interest	$ -
Income tax	$ -

The accompanying Notes to Financial Statements
are an integral part of this statement

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2021

1. ORGANIZATION

Feeding America Riverside/ San Bernardino, (Organization), is a nonprofit public benefit corporation formed in January 1984 for the purpose of receiving food products solely to, or for the benefit of the needy, the infirmed, aged and infants residing within the counties of Riverside and San Bernardino, California. The Organization is affiliated with Feeding America, a national hunger relief organization.

Feeding America Riverside/ San Bernardino is the primary source of food for over 600 charities and nonprofit organizations, distributing over 2.5 million pounds of food monthly to emergency food pantries, homeless shelters, soup kitchens, day care centers, halfway houses, senior food programs, residential treatment centers, shelters for the abused, after school programs and group homes. More than 400,000 individuals are served each month.

On January 30, 2020, the World Health Organization declared the Coronavirus outbreak (COVID-19) A “PUBLIC Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 has affected Feeding America Riverside/San Bernardino’s operations, donors, suppliers, vendors, and other stakeholders. As a result of the pandemic, there has been an even greater need to distribute food to our partner organizations so that individuals have access to food.

The extent to which the pandemic impacts Feeding America Riverside/San Bernardino’s activities and results in fiscal year 2022 and beyond will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus and its impact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles.

Accounts/Grants Receivable and Bad Debts

Accounts and grants receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Contributions

Contributions, including unconditional promises to give or contributions receivable, are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions, in the period the donor’s commitment is received.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net asset without donor restrictions class.

Donated food products are redistributed by the Organization to its charitable beneficiaries and, accordingly, these donations have been recorded in the financial statements as contributions at a predetermined estimated fair market value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Donated Services

No amounts have been reflected in the financial statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's operations.

Inventories

Due to the pass-through nature of the food products received, inventories cost of goods sold is not recorded in the financial statements except as in-kind expense items. The donated inventory is valued at fair market value as an increase to inventory and donated in kind when received. The disbursed inventory is recorded as reduction of inventory and an in-kind expense when distributed to local nonprofits or other qualified agencies.

Capitalization and Depreciation

Depreciation of furniture and equipment is computed by the straight-line method over 3 - 7 years. Leasehold improvements are capitalized and amortized over the term of the lease or the estimated useful life of the improvements, whichever is less. Betterments that materially add to the value of related assets or materially extend the useful life of assets are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Property and equipment purchased over $5,000 is capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

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, respectively. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Net Assets (Deficit) - The net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization. As of June 30, 2021, the board has restricted a net balance of $37,500 for operating reserves.

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. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying financial statements as net assets released from restrictions.

Refundable Advances

Conditional contributions in which a barrier exists and has not been overcome.

Cash and Cash Equivalent

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred Revenue

Partner prepaid shared maintenance for food pantry.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were utilized in preparing the financial statements.

Advertising Costs

The Organization utilizes many forms of self-promotion and advertising as part of its fundraising activities. All costs are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Indirect costs are charged based on payroll allocations or occupancy percentage, as applicable.

New Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases.* Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for Feeding America Riverside/San Bernardino's 2023 financial statements. Early adoption is permitted. Feeding America Riverside/ San Bernardino is currently evaluating the impact that the adoption of this ASU will have on the organization's financial statements.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* requiring entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. The new standard is effective for Feeding America Riverside/San Bernardino's fiscal year 2022 financial statements. Early adoption is permitted.

3. CASH, RESTRICTED DEPOSITS AND EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the amounts shown in the statement of cash flows:

Cash, Restricted Deposits and Equivalents

Cash - operating	$	8,789,292
Cash - restricted		397,853
Cash, Cash Equivalents & Restricted Cash at End of Year	**$**	**9,187,145**

4. RESTRICTIONS ON NET ASSETS

Restricted cash in the amount of $397,853 is held and separate for the building fund.

Included in cash and restricted deposits are donor restricted deposits which consist of the following restrictions:

Use Restrictions		
Current use restrictions		
Covid	$	157,066
Program		772,782
Equipment		22,155
Fuel		2,000
Total current use restrictions		954,003
Long term use restriction		
Building fund		335,095
Total Use Restrictions	**$**	**1,289,098**

5. FOOD INVENTORIES

Donated food inventories are stated at the nationally calculated average price per pound of $1.62 as of June 30, 2021. This average per pound is based on an independent study by Feeding America. Purchased food is valued at cost. USDA commodities are stated at the value assigned by USDA.

Food inventory consists of the following:

Purchased	$	-
Donated		1,217,859
USDA commodities		365,564
Total Food Inventory	$	1,583,423

6. PLANT AND EQUIPMENT

Property and equipment consist of the following:

	Beginning Balance June 30, 2020	Additions	Deletions	Ending Balance June 30, 2021
Transportation and Warehouse Equipment	$ 2,153,333	373,549	346,597	$ 2,180,285
Office Equipment	137,397	52,916	28,560	161,753
Leasehold Improvements	49,727	-	-	49,727
Total Fixed Assets	2,340,457	426,465	375,157	2,391,765
Accumulated Depreciation	1,939,736	222,596	375,157	1,787,175
Net Book Value	**400,721**	**203,869**	**-**	**604,590**
Net Property and Equipment	**$ 400,721**	**$ 203,869**	**$ -**	**$ 604,590**

Depreciation expense for the fiscal year ended June 30, 2021, totaled $222,596.

The depreciation policies followed by the Organization are described in Note 2.

All current and future assets of the Organization are pledged as security against debt described in note 8.

7. LINE OF CREDIT

$300,000 revolving line of credit payable to Feeding America National dated June 24, 2015, was amended on August 30, 2017. The amended agreement reduced the maximum availability to $160,000 with an expiration date of June 30, 2019 and a maturity date of June 30, 2020. On July 2, 2019, a second amendment was executed with a new maturity date of January 31, 2023, in which no interest will be charged through the new maturity date. Semi-annual payments of $20,000 are due beginning July 31, 2019. The line of credit is secured by all current and future personal property owned by the Organization. Feeding America Riverside/ San Bernardino is also required to be in full compliance with Feeding America National's compliance requirements over the loan term. This line of credit was paid in full in March 2021.

8. COMPENSATED ABSENCES / ACCRUED VACATION

Employees accrue paid time off based on position and length of service. Included in accrued expenses is unpaid vacation as of June 30, 2021, in the amount of $97,558.

9. COMMITMENTS AND CONTINGENCIES

Litigation

Feeding America Riverside/ San Bernardino periodically experiences litigation during the normal course of its operations. Management is currently not aware of any pending or threatened litigation.

Lease Obligations

Feeding America Riverside/ San Bernardino leases its warehouse and office facility with a non-cancellable operating lease agreement. The lease expires May 31, 2022. The agreement generally requires Feeding America Riverside/ San Bernardino to pay common area operating expenses. Total lease payments for the year ended June 30, 2021, was $379,405.

The following is a schedule by year of future minimum rental payments required under the operating lease agreements:

Property lease commitments:

2022	$	385,704
2023		-
2024		-
2025		-
2026		-
TOTAL	**$**	**385,704**

10. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Feeding America Riverside/ San Bernardino to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The balance in these accounts may, at times, exceed federally insured limits; however, the Organization does not believe it is subject to any significant credit risk as a result of these deposits. At June 30, 2021, Feeding America Riverside/ San Bernardino had approximately $5,334,347 in excess of FDIC insured limits.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets at year end:		
Cash and cash equivalents	$	8,789,292
Accounts receivables		85,676
Grants receivables		161,898
Restricted deposits		397,853
Total financial assets available		9,434,719
Less amounts not available for general expenditures within one year:		
Contractual or donor-imposed restrictions:		
Program use restrictions		931,848
Donor restricted purchase equipment		22,155
Donor restricted to purchase building		335,095
Board designations:		
Board designated reserves for operating reserves		37,500
Total financial assets not available		1,326,598
Financial assets available to meet general expenditures over the next twelve months	$	8,108,121

As part of the 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.

12. SUBSEQUENT EVENTS

Feeding America Riverside/ San Bernardino has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through January 14, 2022, the date these financial statements were available to be issued.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through I.D. Number	Federal Expenditures
U.S. Department of Agriculture			
California Department of Social Services - Food Distribution Cluster			
COVID-19 Emergency Food Assistance Program	10.568	15-MOU-00133	313,576
Emergency Food Assistance Program - Administration	10.568	15-MOU-00133	366,650
Total Emergency Food Assistance Program - Administration			680,226
Emergency Food Assistance Program - Food Commodities	10.569	15-MOU-00133	17,145,655
Total Food Distribution Cluster			**17,825,881**
California Department of Social Services			
Trade Mitigation Program	10.178	15-MOU-00133	**41,497**
California Association of Food Banks - SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	18-7013	17,769
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	18-7030	4,935
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - SNAP Cluster			**22,704**
Department of the Treasury			
California Department of Social Services			
COVID-19 Coronavirus Relief Fund	21.019	15-MOU-00133 CRF 11/20M	**889,952**
Total			**$ 18,780,034**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Feeding America Riverside/ San Bernardino under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Feeding America Riverside/ San Bernardino, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Feeding America Riverside/ San Bernardino.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Feeding America Riverside/ San Bernardino has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FOOD DISTRIBUTION

Non-monetary assistance is reported at the fair value of the commodities received and distributed. At June 30, 2021, Feeding America Riverside/ San Bernardino had USDA food commodities totaling $365,564 in inventory.

See Independent Auditor’s Report

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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
Feeding America Riverside/ San Bernardino

We have audited, 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, the financial statements of **Feeding America Riverside/ San Bernardino** (a nonprofit organization); which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Feeding America Riverside/ San Bernardino's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Feeding America Riverside/ San Bernardino's internal control. Accordingly, we do not express an opinion on the effectiveness of the Feeding America Riverside/ San Bernardino'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Feeding America Riverside/ San Bernardino's 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 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Feeding America Riverside/ San Bernardino's financial statements are free of 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 determination of 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.*

Feeding America Riverside/ San Bernardino's Response to Finding

Feeding America Riverside/ San Bernardino's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Feeding America Riverside/ San Bernardino's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Feeding America Riverside/ San Bernardino's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Feeding America Riverside/ San Bernardino's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suchan + Associates

Suchan & Associates
An Accountancy Corporation

Rancho Cucamonga, California
January 14, 2022

Suchan &
Associates
An Accountancy Corporation

8588 Utica Avenue, Suite 100, Rancho Cucamonga, CA 91730
Phone: (909) 781- 6443 Fax: (909) 476- 7390 www.Suchancpa.com

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
Feeding America Riverside/ San Bernardino

Report on Compliance for Each Major Federal Program

We have audited Feeding America Riverside/ San Bernardino'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 Feeding America Riverside/ San Bernardino's major federal programs for the year ended June 30, 2021. Feeding America Riverside/ San Bernardino'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 Feeding America Riverside/ San Bernardino'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 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 material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about Feeding America Riverside/ San Bernardino'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 with each major federal program. However, our audit does not provide a legal determination of Feeding America Riverside/ San Bernardino's compliance.

Opinion on Each Major Federal Program

In our opinion, Feeding America Riverside/ San Bernardino 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 Feeding America Riverside/ San Bernardino 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 Feeding America Riverside/ San Bernardino's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 the Feeding America Riverside/ San Bernardino'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 requirements 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 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 the 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Suchan + Associates

Suchan & Associates
An Accountancy Corporation

Rancho Cucamonga, California
January 14, 2022

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of **Feeding America Riverside/ San Bernardino**.

2. There were no significant deficiencies or material weaknesses disclosed during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of **Feeding America Riverside/ San Bernardino** were disclosed during the audit.

4. No material weaknesses were identified during the audit of the major federal award programs.

5. The auditor's report on compliance for the major federal award programs for **Feeding America Riverside/ San Bernardino** expresses an unmodified opinion.

6. Audit findings, if any, that are required to be reported in accordance with 2 CFR section 200.516(a) relative to the major federal award programs for Feeding America Riverside/ San Bernardino are reported in this Schedule.

7. The programs tested as major programs:
   Food Distribution Cluster

USDA – Emergency Food Assistance Program (food commodities)	CFDA No. 10.569
USDA – Emergency Food Assistance Program (administrative costs)	CFDA No. 10.568
Department of the Treasury – Coronavirus Relief Fund	CFDA No. 21.019

8. The threshold for distinguishing Types A and B programs was $750,000.

9. **Feeding America Riverside/ San Bernardino** was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

FINDING NO. 2021-001

Condition:

A new federal program was not properly recorded in the accounting. The revenue and expenses were not reported in the statement of activities, but were tracked outside of the statement of activities for grant compliance.

Criteria:

The accounting should reconcile with Schedule of Federal Awards (SEFA).

Effect:

All federal awards were not properly recorded in the accounting which could have resulted in the omission of a federal award in the Schedule of Federal Awards.

Context:

The Organization received a new federal award. The award received and the corresponding expenses were tracked resulting in proper execution of the award, but the revenue and corresponding expenses were not properly reported in the statement of activities.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

FINDING NO. 2021-001 (continued)

Cause:

The organization’s grant management only addresses their current grants and not new federal awards.

Recommendation:

The grant management and accounting policies and procedures should be updated for new federal awards and in accordance with 2 CFR Part 200.

View of Responsible Officials and Planned Corrective Actions:

The Organization agrees with this finding and will adhere to the corrective action plan on page 21 in this audit report.

Response:

The grant management and accounting policies and procedures will be updated for Uniform Guidance to include procedures to properly track grants, approved expenses, compliance requirements and accounting.

C. FINDINGS – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

SUMMARY OF PRIOR YEAR FINDINGS

June 30, 2021

FINANCIAL STATEMENT AUDIT

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING NO. 2020-001 USDA – EMERGENCY FOOD ASSISTANCE PROGRAM CFDA No. 10.569

Condition:

One distribution site (out of sample of 6 from the population of 32) did not have a current signed TEFAP agreement on file with the Organization as required.

Current Status:

Corrective action was taken and this condition is resolved.

2950 A Jefferson St., Riverside CA 92504 www.FeedingIE.org | 951.359.4757

CORRECTIVE ACTION PLAN
June 30, 2021

Feeding America Riverside/ San Bernardino, respectfully submits the following Corrective Action Plan for the year ended June 30, 2021.

Name and address of independent public accounting firm: Suchan & Associates, An Accountancy Corporation, 8588 Utica Ave., Suite 100, Rancho Cucamonga, CA 91730

Audit Period: July 1, 2020 through June 30, 2021

The finding from the 2021 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistent with the number assigned on the schedule. Section A of the Schedule, Summary of Audit Results does not include findings and is not addressed.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

FINDING NO. 2021-001

Recommendation:
The grant management and accounting policies and procedures should be updated for new federal awards and in accordance with 2 CFR Part 200.

Action Taken:
The grant management and accounting policies and procedures is being amended to include policies and procedures to address grant management and accounting for new federal awards to ensure that the federal awards are in compliance and reconcile with the accounting.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS

None

If you have any questions regarding the plan, please call Stephanie Otero, Chief Financial Officer (951) 359-4757.

Sincerely,

Stephanie Otero

Stephanie Otero
CEO & Chief Financial Officer

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

SCHEDULE OF FOOD RECEIVED AND DISTRIBUTED

June 30, 2021

	Pounds	Dollars
Beginning inventory	1,428,835	$ 1,858,887
Donated food received	25,089,800	32,669,476
USDA commodities received	5,287,913	17,145,655
Total food available	31,806,548	51,674,018
Less food distributed and adjustments	30,702,480	50,090,595
Ending Inventory	1,104,068	$ 1,583,423

See Independent Auditor's Report