

**FEEDING AMERICA RIVERSIDE/
SAN BERNARDINO COUNTIES**

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors

Feeding America Riverside/ San Bernardino Counties

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Feeding America Riverside/ San Bernardino Counties** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Feeding America Riverside/ San Bernardino Counties** as of June 30, 2023, 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.

Basis of Opinion

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. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Feeding America Riverside/ San Bernardino Counties and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Feeding America Riverside/ San Bernardino Counties' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Feeding America Riverside/ San Bernardino Counties' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Feeding America Riverside/ San Bernardino Counties' ability to continue as a going concern for a reasonable period of time.

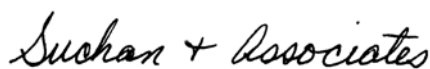
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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, Cost Principles, and Audit 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 supplementary 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 February 12, 2024, on our consideration of **Feeding America Riverside/ San Bernardino Counties'** 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 effectiveness of Feeding America Riverside/ San Bernardino Counties' 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 Counties' internal control over financial reporting and compliance.



Suchan & Associates
An Accountancy Corporation

Rancho Cucamonga, California
February 12, 2024

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

CURRENT ASSETS

Cash (Note 3)	\$ 9,119,588
Accounts receivable (Note 2)	61,090
Grants receivable (Note 2)	710,180
Food inventories (Notes 2 and 5)	2,345,259
Prepays expenses	90,134
Total Current Assets	<u>12,326,251</u>

RESTRICTED DEPOSITS (Notes 3 and 4)

Cash - Capital funds	<u>435,491</u>
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PROPERTY AND EQUIPMENT (Notes 2 and 6)

744,482

OTHER ASSETS

ROU asset for operating leases, net (Note 2, 6 and 9)	974,914
Deposits	6,800
Investments (Note 2 and 7)	5,766,942
Total Other Assets	<u>6,748,656</u>

Total Assets	<u>\$ 20,254,880</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses (Note 8)	\$ 424,087
Deferred revenue (Note 2)	129,344
Current operating lease liability (Note 2 and 9)	518,188
Total Current Liabilities	<u>1,071,619</u>

NON-CURRENT LIABILITIES

Lease Liability - operating lease (Note 2 and 9)	<u>517,671</u>
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Total Liabilities	<u>1,589,290</u>
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NET ASSETS

Net assets without donor restrictions (Note 2)	10,910,029
Net assets without donor restrictions - board designated (Note 2)	37,500
Net assets without donor restrictions	<u>10,947,529</u>
Net assets with donor restrictions (Notes 2 and 4)	5,470,164
Net assets with donor restrictions- in-kind (Note 5)	<u>2,247,897</u>
Total Net Assets With Donor Restrictions	<u>7,718,061</u>

Total Net Assets	<u>18,665,590</u>
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Total Liabilities and Net Assets	<u>\$ 20,254,880</u>
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The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions		
		Cash Activity	Non-cash Inkind Activity	Total
PUBLIC SUPPORT AND REVENUES				
Support and Revenues				
Contributions	\$ 2,525,450	\$ 5,702,872	\$ -	\$ 8,228,322
Special events	50,643	-	-	50,643
United Way	83,320	-	-	83,320
Total Support and Revenues	2,659,413	5,702,872	-	8,362,285
Government grants				
Government grants	1,760,398	-	6,909,968	8,670,366
In-kind food contributions	-	-	46,124,167	46,124,167
Total Government Grants	1,760,398	-	53,034,135	54,794,533
Other Revenue				
Shared maintenance	1,313,114	-	-	1,313,114
Interest	7,881	-	-	7,881
Investment income (loss), net of investment expenses of \$32,286	228,139	-	-	228,139
In-kind contributions -services (Note 2)	22,313	-	-	22,313
Recycling	26,313	-	-	26,313
Other income	15,662	-	-	15,662
Total Other Revenue	1,613,422	-	-	1,613,422
Subtotal	6,033,233	5,702,872	53,034,135	64,770,240
Net assets released from restrictions				
Restrictions satisfied by use	54,301,049	(2,383,801)	(51,917,248)	-
TOTAL REVENUES	60,334,282	3,319,071	1,116,887	64,770,240
EXPENSES				
Program services	57,216,465	-	-	57,216,465
Supporting services	797,569	-	-	797,569
Fundraising	303,431	-	-	303,431
Total Expenses	58,317,465	-	-	58,317,465
Total Operating Income (Loss)	2,016,817	3,319,071	1,116,887	6,452,775
NON-OPERATING INCOME (LOSS)				
Gain (loss) on sale of assets	10,500	-	-	10,500
Change in net assets	2,027,317	3,319,071	1,116,887	6,463,275
Net Assets, beginning of year	8,920,212	2,151,093	1,131,010	12,202,315
Net Assets, end of year	\$ 10,947,529	\$ 5,470,164	\$ 2,247,897	\$ 18,665,590

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

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023

	<u>Programs Services</u>	<u>Support Services</u>		
	<u>Food Distribution</u>	<u>General and Admin.</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$ 1,064,584	\$ 449,122	\$ 149,707	\$ 1,663,413
Payroll taxes	78,226	33,001	11,000	122,227
Employee benefits	154,626	65,232	21,743	241,601
Consulting and staffing	77,377	32,644	10,881	120,902
Professional fees	82,649	11,270	-	93,919
Supplies	1,084,280	7,120	63,738	1,155,138
Telephone	19,189	8,097	2,699	29,985
Transportation	72,664	9,909	-	82,573
Postage	3,108	424	5,063	8,595
Printing	781	-	16,004	16,785
Occupancy	585,399	82,645	20,661	688,705
Insurance	65,972	8,996	-	74,968
Equipment rental and maintenance	139,145	6,331	-	145,476
Travel and conference	8,945	1,220	-	10,165
Dues and subscriptions	-	50,172	-	50,172
Food purchases	1,660,926	-	-	1,660,926
Miscellaneous	13,766	5,807	1,935	21,508
Total Expenses Before Depreciation and In-kind	5,111,637	771,990	303,431	6,187,058
In-kind food donations	51,917,248	-	-	51,917,248
Depreciation	187,580	25,579	-	213,159
Total Functional Expenses	\$ 57,216,465	\$ 797,569	\$ 303,431	\$ 58,317,465

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

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

STATEMENT OF CASH FLOWS

Year ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 6,463,275
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities)</i>	
Depreciation expense	213,159
ROU amortization	533,060
Gain on disposition of assets	(10,500)
Net realized and unrealized (gain) loss on investments	(112,291)
(Increase) decrease in assets:	
Inventory	(1,214,249)
Accounts receivable	(39,894)
Grants receivable	(127,440)
Prepaid expenses	2,966
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	215,915
Deferred revenue	35,029

NET CASH PROVIDED BY OPERATING ACTIVITIES	5,959,030
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CASH FLOWS FROM INVESTING ACTIVITIES

Reduction of ROU operating lease liability	(472,115)
Proceeds from sale of fixed assets	10,500
Purchase of investments	(261,727)
Proceeds from investments	(109,987)
Payments for purchase of fixed assets	(424,402)

NET CASH USED FOR INVESTING ACTIVITIES	(1,257,731)
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NET INCREASE IN CASH AND CASH EQUIVALENTS	4,701,299
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BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	4,853,780
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ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH (Note 3)	\$ 9,555,079
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the years for:

Interest	\$ -
Income tax	\$ -

Noncash transactions:

ROU operating lease asset received in exchange for ROU operating payable	\$ 1,507,974
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The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2023

1. ORGANIZATION

Feeding America Riverside/ San Bernardino Counties, (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 Counties 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.

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.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in net assets without donor restrictions unless a donor or law restricts use.

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.

Donated Services

In-kind revenues consist of donated contributed services which is recorded at the current fair market value of \$22,313 for the year ended June 30, 2023. A substantial number of volunteers have donated significant amounts of their time in the Organization's operations. During the year ended June 30, 2023, the value of such contributed services has not been reflected in the financial statements as no objective basis is available to measure the value of such services.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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, 2023, 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.

Cash and Cash Equivalents

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.

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.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Leases

The Organization leases a warehouse and office facility. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization has elected to apply the short term lease exception to all leases with a term of one year or less. The Organization has also elected a \$5,000 lease capitalization policy.

Operating leases are included in other assets right-of-use ("ROU") assets for operating leases, current liabilities, and long term liabilities lease liability - operating leases on the Statement of Financial Position.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option(s).

Lease agreements with lease and non-lease components, are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. For certain equipment leases, like copiers, the Organization accounts for the lease and non-lease components as a single lease. Additionally, a portfolio approach is utilized to account for the operating lease ROU assets and liabilities.

Certain building lease agreements include provisions for variable rent payments, which are adjusted periodically for inflation. None of the lease agreements contain any material residual value guarantees. The agreement generally requires Feeding America Riverside/ San Bernardino Counties to pay common area operating expenses.

New Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases (Topic 842). The FASB subsequently issued additional ASUs, which amend and clarify 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 as right of use (ROU) 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.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

New Accounting Pronouncements – continued

The Organization adopted the leasing standards effective July 1, 2022, using the modified retrospective approach with July 1, 2022 as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreement and to use hindsight in lessee and lessor agreements for determining lease term and right of use asset impairment. As of July 1, 2022, adoption of Topic 842 resulted in the operating lease ROU assets and lease liabilities, current and noncurrent, in the amount of \$1,507,974 being recorded on the Statement of Financial Position.

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	\$ 9,119,588
Cash - restricted	435,491
Cash, Cash Equivalents & Restricted Cash	
at End of Year	\$ 9,555,079

4. RESTRICTIONS ON NET ASSETS

Restricted cash in the amount of \$435,491 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	
Program	1,398,495
Warehouse/Equipment/Transportation/Supplies	3,614,056
Fuel	23,507
Total current use restrictions	5,036,058
Long term use restriction	
Building fund	434,106
Total Use Restrictions	\$ 5,470,164

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2023

5. FOOD INVENTORIES

Donated food inventories are stated at the nationally calculated average price per pound of \$1.93 as of June 30, 2023. 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	\$ 97,362
Donated	1,808,599
USDA commodities	439,298
Subtotal Restricted Inventory	2,247,897
Total Food Inventory	\$ 2,345,259

6. PLANT AND EQUIPMENT

Property and equipment consist of the following:

	Beginning Balance June 30, 2022	Additions	Deletions	Ending Balance June 30, 2023
Transportation and Warehouse Equipment	\$ 2,278,401	\$ 88,632	\$ 41,023	\$ 2,326,010
Office Equipment	161,753	58,131	-	219,884
Leasehold Improvements	49,727	132,935	-	182,662
Construction in progress	-	144,704	-	144,704
Total Fixed Assets	2,489,881	424,402	41,023	2,873,260
Less Accumulated Depreciation	1,956,642	213,159	41,023	2,128,778
Net Fixed Assets	533,239	211,243	-	744,482
Leased property consists of the following:				
ROU Building	-	\$ 1,507,974	-	\$ 1,507,974
Less Accumulated Amortization	-	533,060	-	\$ 533,060
Net Leased Property	-	974,914		974,914
Net Fixed Assets and Leased Property	\$ 533,239	\$ 1,186,157	\$ -	\$ 1,719,396

Depreciation expense for the fiscal year ended June 30, 2023, totaled \$213,159.

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

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three board levels: Level One inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level Two inputs consist of observable inputs other than quoted prices for identical assets, and Level Three inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure their fair value of its investments. When applicable, the Organization measures fair value using Level One input because they generally provide the most reliable evidence of fair value. Level Three inputs are only used when Level One or Level Two inputs are not available.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2023

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS - continued

	Carrying Value/Fair Vaue	Level One
Equity securities	5,766,942	\$ 5,766,942
Level 1 Reconciliation		
Beginning of year	\$ 5,282,937	
Deposits	250,000	
Interest and dividends	199,194	
Investment gains/losses	112,291	
Disbursements	-	
Less Cash Equivalents	(45,194)	
Administrative fees	(32,286)	
Total	\$ 5,766,942	

The Organization invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amount reported in the statement of activities.

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, 2023, in the amount of \$98,119.

9. LEASE LIABILITIES

Operating lease liabilities consists of the following:

Property lease, Nineway, monthly payments between \$45,701, \$47,072, and \$48,485, original right of use net present value as of June 1, 2022, discount 6%, non-cancelable, expires May 31, 2025.	\$ 1,035,859
Less: Current Portion- Operating Lease	518,188
Total Long-Term Portion-Operating Lease	\$ 517,671

Future minimum lease payments for non-cancelable operating leases are as follows:

Years Ending June 30	
2024	\$ 566,281
2025	533,331
2026	-
2027	-
2028	-
TOTAL	1,099,612
Less Interest	63,753
Present value of lease liabilities	\$ 1,035,859

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2023

9. LEASE LIABILITIES – continued

Total lease payments for operating leases in excess of one year totaled \$565,032, for the year ended June 30, 2023.

10. COMMITMENTS AND CONTINGENCIES

Litigation

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

11. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Feeding America Riverside/ San Bernardino Counties 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, 2023, Feeding America Riverside/ San Bernardino Counties had approximately \$9,165,873 in excess of FDIC insured limits.

The Organization maintains a broker managed investment portfolio. As of June 30, 2023, the fair market value of investment securities in the broker managed portfolio totaled \$5,812,136, which includes cash equivalents of \$45,194. These securities are covered by the Securities Investor Protection Corporation (SIPC), which insures investments up to \$500,000, of which \$250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency, and not against the decline in market values.

12. 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	\$ 9,119,588
Accounts receivables	61,090
Grants receivables	710,180
Restricted deposits	435,491
Investments	5,766,942
Total financial assets available	16,093,291
Less amounts not available for general expenditures within one year:	
Contractual or donor-imposed restrictions:	
Program use restrictions	5,036,058
Donor restricted to purchase building	434,106
Board designations:	
Board designated reserves for operating reserves	37,500
Total financial assets not available	5,507,664
Financial assets available to meet general expenditures over the next twelve months	\$ 10,585,627

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2023

12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - continued

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.

13. SUBSEQUENT EVENTS

Feeding America Riverside/ San Bernardino Counties has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2023, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through February 12, 2024, the date these financial statements were available to be issued.

In October 2023, the Organization purchased a building for \$5,112,500 for office and volunteer space. Building fund savings and capacity grants were utilized to purchase the building. No loans were incurred.

In February 2024, construction in progress of \$144,704 was written off as a fixed asset loss, due to the canceling of the construction of modular offices.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through I.D. Number	Federal Expenditures
U.S. Department of Agriculture			
California Department of Social Services - Food Distribution Cluster			
Emergency Food Assistance Program - Administration	10.568	15-MOU-00133	\$ 665,196
Emergency Food Assistance Program - Food Commodities	10.569	15-MOU-00133	6,909,968
Total Food Distribution Cluster			<u>7,575,164</u>
California Association of Food Banks - SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	21-7024	<u>11,145</u>
Pandemic EBT Administrative Costs			
COVID-19 Pandemic EBT Administrative Costs	10.649	20-3167	<u>44,606</u>
Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	082000-205	<u>309,150</u>
Department of Labor			
WIOA Youth Activities - WIOA Cluster	17.259	JP-1006	<u>14,490</u>
Total			<u><u>\$ 7,954,555</u></u>

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 Counties under programs of the federal government for the year ended June 30, 2023. 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 Counties, 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 Counties.

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 Counties 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, 2023, Feeding America Riverside/ San Bernardino Counties had USDA food commodities totaling \$439,298 in inventory.

See Independent Auditor's Report

**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 Counties**

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 Counties** (a nonprofit organization); which comprise the statement of financial position as of June 30, 2023, 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 February 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Feeding America Riverside/ San Bernardino Counties' internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Feeding America Riverside/ San Bernardino Counties' internal control. Accordingly, we do not express an opinion on the effectiveness of the Feeding America Riverside/ San Bernardino Counties' 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 Counties' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Feeding America Riverside/ San Bernardino Counties' 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 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 Feeding America Riverside/ San Bernardino Counties' 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 Counties' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suchan + Associates

**Suchan & Associates
An Accountancy Corporation**

**Rancho Cucamonga, California
February 12, 2024**



An Accountancy Corporation

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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 Counties**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Feeding America Riverside/ San Bernardino Counties' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Feeding America Riverside/ San Bernardino Counties' major federal programs for the year ended June 30, 2023. Feeding America Riverside/ San Bernardino Counties' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Feeding America Riverside/ San Bernardino Counties 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Feeding America Riverside/ San Bernardino Counties and to meet our ethical responsibilities, in accordance with relevant ethical requirements relation to our audit. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Feeding America Riverside/ San Bernardino Counties' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, federal statutes, regulations, and the terms and conditions of its federal awards applicable to Feeding America Riverside/ San Bernardino Counties' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Feeding America Riverside/ San Bernardino Counties' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Feeding America Riverside/ San Bernardino Counties' compliance

with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Feeding America Riverside/ San Bernardino Counties' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Feeding America Riverside/ San Bernardino Counties' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Feeding America Riverside/ San Bernardino Counties' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies* in internal control over compliance. Given these limitation, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
An Accountancy Corporation

Rancho Cucamonga, California
February 12, 2024

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of **Feeding America Riverside/ San Bernardino Counties**.
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 Counties** 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 Counties** 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 Counties 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
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. **Feeding America Riverside/ San Bernardino Counties** was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

SUMMARY OF PRIOR YEAR FINDINGS

June 30, 2023

FINANCIAL STATEMENT AUDIT

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**FINDING NO. 2022-001 USDA – EMERGENCY FOOD ASSISTANCE PROGRAM (FOOD
COMMODITIES) FAL NO. 10.569**

Condition:

One distribution site's (out of sample of 6 from the population of 30) total households served was reported incorrectly to the California Department of Social Services (CDSS).

Current Status:

Corrective action was taken and this condition is resolved.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO COUNTIES

SCHEDULE OF FOOD RECEIVED AND DISTRIBUTED

June 30, 2023

	<u>Pounds</u>	<u>Dollars</u>
Beginning inventory	889,098	\$ 1,131,010
Donated food received	24,513,098	46,124,167
USDA commodities received	5,202,881	6,909,968
Purchased food	<u>68,224</u>	<u>97,362</u>
Total food available	30,673,301	54,262,507
Less food distributed and adjustments	<u>29,128,237</u>	<u>51,917,248</u>
Ending Inventory	<u>1,545,064</u>	<u>\$ 2,345,259</u>

See Independent Auditor's Report