



Report of Independent Auditors and  
Financial Statements with Supplementary Information

**Sacramento Food Bank & Family Services**

June 30, 2023 and 2022

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## **Report of Independent Auditors**

The Audit Committee  
Sacramento Food Bank & Family Services

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

#### ***Opinion***

We have audited the financial statements of Sacramento Food Bank & Family Services (the “Food Bank”), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Food Bank as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Food Bank, and to meet our other 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 opinion.

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

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

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

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

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

In performing an audit in accordance with GAAS 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food Bank's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, on our consideration of the Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Food Bank's 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 the Food Bank's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Rancho Cordova, California  
December 8, 2023

## **Financial Statements**

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**Sacramento Food Bank & Family Services**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,374,998	\$ 9,126,137
Receivables	4,758,090	3,872,189
Pledges receivable, net of allowance and discount	100,000	100,000
Inventory	2,311,855	3,364,987
Prepaid expenses	147,274	300,817
Investments	14,410,726	2,218,744
Total current assets	29,102,943	18,982,874
PLEDGES RECEIVABLE, net of allowance, discount, and current portion	97,087	182,767
BENEFICIAL INTEREST IN TRUST	9,390,578	8,654,515
FIXED ASSETS, net	10,996,164	12,859,126
Total assets	\$ 49,586,772	\$ 40,679,282
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 514,210	\$ 568,900
Accrued payroll expense	255,075	235,288
Total liabilities	769,285	804,188
<b>NET ASSETS</b>		
Without donor restrictions	37,567,393	28,525,386
With donor restrictions	11,250,094	11,349,708
Total net assets	48,817,487	39,875,094
Total liabilities and net assets	\$ 49,586,772	\$ 40,679,282

See accompanying notes.

**Sacramento Food Bank & Family Services**  
**Statements of Activities and Changes in Net Assets**  
**Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
Support and revenue:			
Contributions	\$ 6,625,458	\$ -	\$ 6,625,458
Special events, net	1,341,424	450,525	1,791,949
Donated food	42,713,331	-	42,713,331
Donated Raley's Food For Families	1,586,439	-	1,586,439
Donated clothing	15,196	-	15,196
Donated services	27,862	-	27,862
Donated supplies and equipment	11,964	-	11,964
USDA commodities received	7,991,682	-	7,991,682
Government grants	9,912,832	315,980	10,228,812
Private grants and contributions	1,233,729	1,174,841	2,408,570
Capital campaign contributions	-	14,321	14,321
Investment gain and interest income, net	1,165,051	-	1,165,051
Gain on sale of assets	7,026,869	-	7,026,869
Miscellaneous income	68,548	-	68,548
Net assets released from restrictions	2,055,281	(2,055,281)	-
<b>Total support and revenue</b>	<b>81,775,666</b>	<b>(99,614)</b>	<b>81,676,052</b>
<b>EXPENSES</b>			
Program services	69,303,050	-	69,303,050
Fundraising	1,570,974	-	1,570,974
Management and general	1,859,635	-	1,859,635
<b>Total expense</b>	<b>72,733,659</b>	<b>-</b>	<b>72,733,659</b>
<b>CHANGE IN NET ASSETS</b>	<b>9,042,007</b>	<b>(99,614)</b>	<b>8,942,393</b>
<b>NET ASSETS, beginning of year</b>	<b>28,525,386</b>	<b>11,349,708</b>	<b>39,875,094</b>
<b>NET ASSETS, end of year</b>	<b>\$ 37,567,393</b>	<b>\$ 11,250,094</b>	<b>\$ 48,817,487</b>

See accompanying notes.



**Sacramento Food Bank & Family Services**  
**Statements of Activities and Changes in Net Assets (Continued)**  
**Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
Support and revenue:			
Contributions	\$ 7,242,489	\$ -	\$ 7,242,489
Special events, net	1,031,690	368,500	1,400,190
Donated food	38,174,261	-	38,174,261
Donated Raley's Food For Families	1,487,199	-	1,487,199
Donated clothing	44,007	-	44,007
Donated services	8,675	-	8,675
Donated supplies and equipment	74,644	-	74,644
USDA commodities received	7,709,850	-	7,709,850
Government grants	3,893,575	172,981	4,066,556
Donation of land	170,000	300,000	470,000
Private grants and contributions	1,104,216	1,473,899	2,578,115
Capital campaign contributions	-	2,880	2,880
Investment loss and interest income, net	(1,161,640)	-	(1,161,640)
Miscellaneous income	32,667	-	32,667
Net assets released from restrictions	2,037,955	(2,037,955)	-
<b>Total support and revenue</b>	<b>61,849,588</b>	<b>280,305</b>	<b>62,129,893</b>
<b>EXPENSES</b>			
Program services	60,349,249	-	60,349,249
Fundraising	1,621,609	-	1,621,609
Management and general	1,577,320	-	1,577,320
<b>Total expense</b>	<b>63,548,178</b>	<b>-</b>	<b>63,548,178</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,698,590)</b>	<b>280,305</b>	<b>(1,418,285)</b>
<b>NET ASSETS, beginning of year</b>	<b>30,223,976</b>	<b>11,069,403</b>	<b>41,293,379</b>
<b>NET ASSETS, end of year</b>	<b>\$ 28,525,386</b>	<b>\$ 11,349,708</b>	<b>\$ 39,875,094</b>

See accompanying notes.

**Sacramento Food Bank & Family Services**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2023**

	Food Bank Services						
	Commodities for Community	Food for Seniors	No Student Left Hungry	Partner Agency and Community Engagement	Diaper Bank	Health and Nutrition	CalFresh
<b>EXPENSES</b>							
Salaries	\$ 859,414	\$ 349,736	\$ 142,782	\$ 903,748	\$ 111,840	\$ 74,938	\$ 208,402
Payroll taxes and employee benefits	217,570	87,009	32,147	238,570	29,789	20,775	53,748
Food and produce acquisition	41,340	-	12,710	1,722,280	-	-	-
Food transportation/freight	-	-	3,750	428,580	-	-	-
Purchased food and diapers	-	69,657	94,874	3,418,923	1,095,778	-	-
Education and training	683	352	65	3,615	48	85	477
Rent - food storage and office	-	-	-	-	-	1,381	-
Refugee resettlement emergency assistance	-	-	-	-	-	-	-
Supplies	28,390	50,736	19,978	66,743	2,333	1,904	6,118
Building and equipment maintenance	108,100	31,080	7,811	110,515	4,457	39,082	4,359
Equipment purchase	57,567	7,673	1,975	51,734	1,209	2,746	959
Telephone and utilities	78,272	32,618	4,822	63,826	3,612	10,810	10,400
Vehicle expenses	138,838	15,079	5,065	193,979	1,943	839	48
Licenses and fees	1,169	302	33	891	-	41	43
Resource development	54,509	15,925	9,087	74,056	6,100	5,971	96,306
Office supplies and expense	49,806	7,740	2,959	33,266	2,303	2,570	9,566
Printing	4,060	2,458	799	5,327	133	397	3,285
Professional fees	16,661	7,551	1,097	22,116	1,283	3,432	4,771
Outside services	2,223	669	362	3,157	270	258	610
Insurance	113,839	37,477	8,653	114,807	5,989	7,904	18,717
Dues and subscriptions	24,423	2,914	1,537	57,025	278	26	52
Property taxes	1,367	504	106	1,104	37	466	72
Partner agencies capacity grant expense	12,141	-	-	27,766	-	79	-
Depreciation	273,171	43,696	14,587	267,672	2,682	8,879	6,125
SMUD Energy Assistance Payments	-	-	-	-	-	-	-
Donated food, clothing, supplies, and services	7,301,160	1,262,396	1,118,134	42,064,595	-	-	-
Raley's Food For Families	-	-	359,282	1,928,040	-	-	-
Uncollectible pledges and bad debt	-	-	-	-	-	20	-
<b>Total expenses</b>	<b>\$ 9,384,703</b>	<b>\$ 2,025,572</b>	<b>\$ 1,842,615</b>	<b>\$ 51,802,335</b>	<b>\$ 1,270,084</b>	<b>\$ 182,603</b>	<b>\$ 424,058</b>

See accompanying notes.

**Sacramento Food Bank & Family Services**  
**Statements of Functional Expenses (Continued)**  
**Year Ended June 30, 2023**

EXPENSES	Family Services								Total
	Parent Education	Clothing	EnergyHELP	Refugee Resettlement	Immigration Services	Total Program Services	Fundraising	Management and General	
Salaries	\$ 54,673	\$ 46,713	\$ 46,722	\$ 235,172	\$ 269,717	\$ 3,303,857	\$ 477,152	\$ 877,571	\$ 4,658,580
Payroll taxes and employee benefits	13,679	14,654	13,517	49,398	69,601	840,457	142,167	200,937	1,183,561
Food and produce acquisition	-	-	-	-	-	1,776,330	-	-	1,776,330
Food transportation/freight	-	-	-	-	-	432,330	-	-	432,330
Purchased food and diapers	-	-	-	-	-	4,679,232	-	-	4,679,232
Education and training	25	25	26	84	668	6,153	170	3,625	9,948
Rent - food storage and office	10,140	15,912	686	6,728	3,660	38,507	1,791	4,829	45,127
Refugee resettlement emergency assistance	-	-	-	336,115	-	336,115	-	11,702	347,817
Supplies	342	199	1,011	74,980	6,833	259,567	2,207	3,182	264,956
Building and equipment maintenance	17,493	24,193	1,585	13,879	11,188	373,742	7,338	18,149	399,229
Equipment purchase	404	747	147	601	3,981	129,743	6,784	11,031	147,558
Telephone and utilities	10,153	15,478	1,383	16,347	15,791	263,512	18,299	38,669	320,480
Vehicle expenses	3,302	8,256	-	28,711	133	396,193	2,662	6,440	405,295
Licenses and fees	-	-	-	80	60	2,619	31,742	59,774	94,135
Resource development	625	646	3,310	12,962	18,498	297,995	632,839	67,615	998,449
Office supplies and expense	454	161	1,207	4,641	16,752	131,425	31,440	29,975	192,840
Printing	-	-	41	2,938	1,509	20,947	18,981	1,583	41,511
Professional fees	256	321	767	2,980	4,386	65,621	35,608	341,207	442,436
Outside services	26	27	145	4,965	1,648	14,360	141,048	46,193	201,601
Insurance	674	1,573	1,587	10,994	9,150	331,364	8,080	12,771	352,215
Dues and subscriptions	-	-	15	58	2,406	88,734	2,101	1,831	92,666
Property taxes	1,012	1,587	79	701	393	7,428	287	629	8,344
Partner agencies capacity grant expense	-	-	-	-	-	39,986	-	-	39,986
Depreciation	23,759	29,694	2,371	21,995	13,373	708,004	10,278	56,537	774,819
SMUD Energy Assistance Payments	-	-	391,775	-	-	391,775	-	-	391,775
Donated food, clothing, supplies, and services	99,010	213,258	-	17,171	-	52,075,724	-	-	52,075,724
Raley's Food For Families	-	-	-	-	-	2,287,322	-	-	2,287,322
Uncollectible pledges and bad debt	-	-	-	3,988	-	4,008	-	65,385	69,393
<b>Total expenses</b>	<b>\$ 236,027</b>	<b>\$ 373,444</b>	<b>\$ 466,374</b>	<b>\$ 845,488</b>	<b>\$ 449,747</b>	<b>\$ 69,303,050</b>	<b>\$ 1,570,974</b>	<b>\$ 1,859,635</b>	<b>\$ 72,733,659</b>

See accompanying notes.

**Sacramento Food Bank & Family Services**  
**Statements of Functional Expenses (Continued)**  
**Year Ended June 30, 2022**

	Food Bank Services						
	Commodities for Community	Food for Seniors	No Student Left Hungry	Partner Agency and Community Engagement	Diaper Bank	Health and Nutrition	CalFresh
EXPENSES							
Salaries	\$ 690,552	\$ 393,892	\$ 133,232	\$ 606,193	31,554	\$ 84,183	\$ 187,615
Payroll taxes and employee benefits	223,483	112,512	31,036	169,299	8,324	23,048	53,515
Food and produce acquisition	75,110	53,946	55,813	878,591	-	-	-
Food transportation/freight	12,548	5,093	30,545	315,470	-	-	-
Purchased food and diapers	-	48,377	232,769	832,511	114,126	-	-
Education and training	892	706	86	957	32	60	248
Rent - food storage and office	4,647	2,750	-	17,603	-	-	-
Refugee resettlement emergency assistance	-	-	-	-	-	-	-
Supplies	45,841	55,263	52,063	37,948	577	4,780	2,883
Building and equipment maintenance	64,675	23,713	5,784	119,219	1,204	8,155	5,100
Equipment purchase	5,250	1,002	295	27,915	29	222	121
Telephone and utilities	60,609	33,017	3,076	59,128	779	6,902	12,128
Vehicle expenses	204,323	24,606	13,489	92,593	943	-	78
Licenses and fees	2,505	580	91	1,432	13	88	122
Resource development	52,493	17,848	8,111	72,441	3,061	5,853	49,477
Office supplies and expense	21,611	6,717	1,413	41,576	278	1,302	6,516
Printing	3,968	2,206	758	4,740	51	91	682
Professional fees	46,864	11,587	1,896	24,919	844	2,742	7,195
Outside services	9,277	1,277	641	8,707	175	929	743
Insurance	76,503	22,752	8,989	89,620	3,242	6,006	16,373
Dues and subscriptions	18,607	4,303	1,620	43,258	232	18	87
Property taxes	526	493	113	1,867	125	548	135
Partner agencies capacity grant expense	5,721	3,078	-	278,899	-	-	-
Depreciation	241,853	38,433	13,039	260,086	2,932	10,809	5,965
SMUD Energy Assistance Payments	-	-	-	-	-	-	-
Donated food, clothing, supplies, and services	9,799,400	947,011	1,406,078	35,985,239	-	-	-
Capital Campaign	-	-	-	-	-	-	-
Raley's Food For Families	-	-	76,637	1,950,795	-	-	-
Uncollectible pledges and bad debt	-	-	-	7,463	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 11,667,258</b>	<b>\$ 1,811,162</b>	<b>\$ 2,077,574</b>	<b>\$ 41,928,469</b>	<b>\$ 168,521</b>	<b>\$ 155,736</b>	<b>\$ 348,983</b>

See accompanying notes.

**Sacramento Food Bank & Family Services**  
**Statements of Functional Expenses (Continued)**  
**Year Ended June 30, 2022**

EXPENSES	Family Services								
	Parent Education	Clothing	EnergyHELP	Refugee Resettlement	Immigration Services	Total Program Services	Fundraising	Management and General	Total
Salaries	\$ 87,900	\$ 72,566	\$ 32,948	\$ 231,857	\$ 235,000	\$ 2,787,492	\$ 463,837	\$ 840,902	\$ 4,092,231
Payroll taxes and employee benefits	30,119	20,323	15,221	57,819	85,065	829,764	129,517	163,059	1,122,340
Food and produce acquisition	-	-	-	-	-	1,063,460	-	-	1,063,460
Food transportation/freight	-	-	-	-	-	363,656	-	-	363,656
Purchased food and diapers	-	-	-	-	-	1,227,783	-	-	1,227,783
Education and training	376	138	111	366	428	4,400	153	267	4,820
Rent - food storage and office	-	-	-	-	-	25,000	-	-	25,000
Refugee resettlement emergency assistance	-	-	-	300,335	-	300,335	-	-	300,335
Supplies	3,974	1,919	544	30,561	8,529	244,882	117	6,368	251,367
Building and equipment maintenance	18,980	28,502	2,438	19,021	14,901	311,692	10,401	22,158	344,251
Equipment purchase	165	71	28	161	903	36,162	605	2,854	39,621
Telephone and utilities	11,798	12,959	3,591	23,212	23,383	250,582	11,822	27,914	290,318
Vehicle expenses	3,788	8,293	-	14,812	177	363,102	2,440	8,032	373,574
Licenses and fees	33	28	13	64	80	5,049	37,941	72,205	115,195
Resource development	8,701	7,318	2,621	15,186	15,966	259,076	660,405	55,118	974,599
Office supplies and expense	6,355	5,282	1,495	10,466	27,462	130,473	15,572	27,056	173,101
Printing	103	93	7	447	674	13,820	22,704	1,562	38,086
Professional fees	3,069	2,185	685	4,560	5,190	111,736	58,026	126,507	296,269
Outside services	458	381	156	23,452	920	47,116	123,612	26,209	196,937
Insurance	8,456	7,656	1,954	19,051	24,542	285,144	18,383	20,142	323,669
Dues and subscriptions	276	56	19	45	1,694	70,215	848	1,053	72,116
Property taxes	1,410	1,939	184	1,517	1,207	10,064	822	1,058	11,944
Partner agencies capacity grant expense	-	-	-	-	-	287,698	-	-	287,698
Depreciation	44,097	63,583	2,748	55,462	14,898	753,905	14,904	55,735	824,544
SMUD Energy Assistance Payments	-	-	383,833	-	-	383,833	-	-	383,833
Donated food, clothing, supplies, and services	(4,972)	(22,071)	-	37,230	-	48,147,915	-	-	48,147,915
Capital Campaign	-	-	-	-	-	-	49,500	-	49,500
Raley's Food For Families	-	-	-	-	-	2,027,432	-	-	2,027,432
Uncollectible pledges and bad debt	-	-	-	-	-	7,463	-	(2,738)	4,725
Interest	-	-	-	-	-	-	-	121,859	121,859
<b>Total expenses</b>	<b>\$ 225,086</b>	<b>\$ 211,221</b>	<b>\$ 448,596</b>	<b>\$ 845,624</b>	<b>\$ 461,019</b>	<b>\$ 60,349,249</b>	<b>\$ 1,621,609</b>	<b>\$ 1,577,320</b>	<b>\$ 63,548,178</b>

See accompanying notes.

**Sacramento Food Bank & Family Services**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 8,942,393	\$ (1,418,285)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	774,819	824,544
Net (gain) loss on endowment	(736,063)	1,250,547
Net realized and unrealized gain on investments	(428,988)	(16,426)
Discount for uncollectible pledges	(13,748)	(26,110)
Provision for uncollectible pledges and bad debt	69,393	4,725
Donated inventory	242,891	(663,243)
Net gain on disposal of fixed assets	(7,026,869)	-
Amortization of discount on note payable	-	56,091
Changes in operating assets and liabilities:		
Receivables	(885,901)	60,646
Prepaid expenses	153,543	(216,455)
Inventory	810,241	2,951,130
Pledges receivable	30,035	112,667
Accounts payable	(54,690)	301,393
Accrued payroll expense	19,787	72,567
Deferred revenue	-	(90,426)
	<b>1,896,843</b>	<b>3,203,365</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(4,430,983)	(1,144,523)
Purchases of investments	(13,544,238)	(2,202,318)
Sales of fixed assets	12,545,995	-
Sales of investments	1,781,244	-
	<b>(3,647,982)</b>	<b>(3,346,841)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from endowment	-	816,000
Principal payments on note payable	-	(3,431,948)
	<b>-</b>	<b>(2,615,948)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(1,751,139)</b>	<b>(2,759,424)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>9,126,137</b>	<b>11,885,561</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 7,374,998</b>	<b>\$ 9,126,137</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash paid during the year for interest	\$ -	\$ 11,386

See accompanying notes.

# Sacramento Food Bank & Family Services

## Notes to Financial Statements

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### **Note 1 – Organization and Summary of Significant Accounting Policies**

**Purpose and organization** – Sacramento Food Bank & Family Services (the “Food Bank”) is a California not-for-profit public benefit corporation serving Sacramento County’s vulnerable populations through a combination of human services and support. In addition to food assistance services, the Food Bank provides baby food and diaper distribution, utility assistance, immigration legal services, and refugee resettlement services.

**Program services** – Program services refer to the activities or services provided by the organization that are related to its mission and programs. To ensure compliance with limitation and restrictions on the use of Food Bank resource, the accounts are organized by program or services.

**Food Bank services** – This is the process of classifying resources for accounting and reporting purposes into programs based on their nature and intended use. As a result, all financial transactions have been categorized into the following programs:

*Commodities for Community* – Delivering United States Department of Agriculture (“USDA”) commodities to local agencies throughout Sacramento County.

*Food for Seniors* – Providing approximately 30 pounds of food per month to low-income residents who are 60 and older.

*No Student Left Hungry* – Partnering with local schools to provide healthy meals and snacks.

*Partner Agency and Community Engagement* – Working with a network agency of 120 partner agencies operating more than 160 distribution points to provide food to an average of 270,000 individuals per month. Partner agencies order food and grocery product from the Food Bank and provide these goods to those experiencing hunger in their local communities. Partner agencies are nonprofit organizations that include, but are not limited to, neighborhood pantries, schools, church programs, and community service organizations.

*Diaper Bank* – Supplying diapers, baby food, and other supplies to parents needing assistance.

*Health and Nutrition* – Teaching healthy eating habits.

*CalFresh* – Helping families apply for food stamps and improve their access to fresh food.

**Family Services** – Many of the Family Services programs were paused or altered as a result of the novel coronavirus (COVID-19) pandemic. As part of the Food Bank’s Strategic Plan and after a thorough community needs assessment, the Food Bank made the long and thoughtful decision to consolidate operations to one campus and not resume Clothing and Parent Education services.

## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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With food insecurity continuing to rise and the number of anti-hunger organizations decreasing, the Food Bank needed to do more for our neighbors experiencing hunger. The decision was made to expand the services offered through Food Bank programs, allowing the organization to distribute more food in more ways than ever before. As the Food Bank concentrated its collective efforts on the fight against hunger, it consolidated operations to one campus and did not resume the services that were paused during the pandemic.

This included the decision to sell the Family Service campus and consolidate all other services and business functions to one uniform Food Bank campus. As part of this campus consolidation, the Food Bank constructed nearly 7,500 square feet of second floor office space and remodeled existing program space to fit the additional services in one building. The Family Services campus was sold on January 31, 2023 and all programs and business functions were successfully transitioned into the new designated spaces by May 2023.

*Parent Education* – In response to the COVID-19 pandemic, this program transitioned from teaching classes, supplying diapers, and offering support to supplying diapers and other supplies by appointment only. This service ended as part of the campus transition in 2023.

*Clothing* – Offering men’s, women’s, and children’s clothing and business attire. In response to the COVID-19 pandemic, this service transitioned from in-person shopping to appointments and online orders only. This service ended as part of the campus transition in 2023.

*EnergyHELP* – Administering donated funds from Sacramento Municipal Utility District (“SMUD”) customers to help families in jeopardy of losing their power.

*Refugee Resettlement* – Welcoming pre-assigned refugee families arriving in Sacramento.

*Immigration Services* – Providing legal assistance for families seeking naturalization and legal status.

**Basis of accounting** – The Food Bank prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

**Classification of net assets** – Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

*Without donor restrictions* – Net assets and activities which represent the portion of expendable funds that are available to support the Food Bank’s operations. A portion of these net assets may be designated by the Board of Directors for specific purposes. Board-designated net assets were \$10,329,726 and \$2,289,312 as of June 30, 2023 and 2022, respectively.

*With donor restriction* – Defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event.



## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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**Use of estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents** – The Food Bank considers certificates of deposit and securities with original terms of maturity of less than three months to be cash equivalents.

**Receivables** – Receivables consist of grants and contributions, Raley's Food For Families, partner agencies' shared maintenance fees, and other. There is no allowance for doubtful accounts on the statements of financial position related to receivables for the years ended June 30, 2023 and 2022. This has been based on management's prior years' experience and management's analysis of the specific accounts. Receivables are written off when management considers them uncollectible. In June 30, 2023 and 2022, \$10,000 and \$16,053 were written off for uncollectible capital campaign gifts from former employees, respectively. In June 30, 2023 and 2022, \$4,008 and \$9,921 were written off for other receivables, respectively.

**Pledges receivable** – Pledges receivable are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. An allowance of approximately 0.5–1% of gross pledges receivable is provided for uncollectible pledges based on management's best estimate. Pledges receivable are written off when determined to be uncollectible. Pledges that are expected to be collected in greater than one year are recorded at the present value of expected future cash flows using discount rates of 3.0% and 6.0% for the years ended June 30, 2023 and 2022, respectively.

**Inventory** – Inventory consists primarily of donated food and clothing received by the Food Bank. The Food Bank receives, sorts, stores, and distributes donated goods from various sources and the USDA commodities program. Non-USDA donated food are valued at the weighted-average wholesale value of one pound of donated product based on the national per-pound price as proved by the Feeding America Product Valuation Survey. Feeding America is the national food bank network which sets the standards for fiscal operations of food banks. The Food Bank utilized the Feeding America valuations of \$1.79 and \$1.74 per pound for years ended June 30, 2023 and 2022, respectively.

USDA donated inventories are valued at prices set by the California Department of Social Services. Donated clothing and other supplies are valued at amounts published in the Salvation Army Thrift Stores Donation Value Guide. The Food Bank recognizes donated inventories as revenue in the statements of activities and changes in net assets. Donated inventories are recognized as expenses when distributed.

Purchased inventories are valued at the cost of products purchased as determined by the first-in, first-out method, and consist of food products purchased by the Food Bank and related to both grant and nongrant funded purchases. Purchased inventory is expensed when the food is distributed.

The Food Bank's inventory is \$2,311,855 and \$3,364,987 at June 30, 2023 and 2022, respectively.

**Investments** – Marketable investments in exchange traded funds and mutual funds are carried at fair value based upon quoted market prices. The Food Bank's Finance Committee is responsible for establishing investment criteria and overseeing the Food Bank's investments.

## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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Investments are reported at fair value based on quoted market prices, which are based on the value of underlying securities. Realized and unrealized gains or losses on such investments as well as any dividends, interest, and other investment income are reported in the financial statements and accompanying notes net of investment management fees.

**Investment gain or loss and interest income** – Realized and unrealized gains and losses and investment income derived from investment transactions are included as income in the year earned.

**Beneficial interest in trust** – Net assets with donor restrictions includes a \$10,000,000 endowment from St. Francis Manor, Inc. to be held in perpetuity undiminished by the effects of inflation so long as the Food Bank continues to operate as a food bank. The Food Bank's restricted funds, to the extent funded, are held in trust and invested by the Diocese of Sacramento, a non-profit religious corporation. The Food Bank is the sole trustee of the trust.

Earnings from the endowment investment were to be applied first towards repayment of the Parochial Fund Inc. loan until the loan was repaid in April 2022, and then to the Food Bank's purposes.

The Food Bank has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for its general operations while seeking to maintain the purchasing power of the underlying endowment assets. To satisfy this objective, the Food Bank targets a conservative asset allocation that is mostly comprised of stocks, corporate bonds, and U.S. Treasury obligations. Appropriations for distribution from the endowment will be determined upon the fulfillment of donor restrictions defined below.

The Food Bank has a policy of appropriating for distribution each year up to five percent of the total fair value of the Endowment Trust Fund, based upon the average year-end fair value of the Endowment Trust Fund for the past three fiscal years, subject to the available interest that was earned but not yet distributed. The Board of Directors may, from time to time, make a special disbursement of earnings in excess of the five percent to the extent the Board of Directors deems it appropriate under the circumstances existing at the time. In establishing this policy, the Food Bank considered the long-term expected return on its endowment. This policy is subject to periodic review and revision by the Board of Directors.

The Food Bank has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Food Bank classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Amounts that have been appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by the California version of UPMIFA are classified as net assets without donor restrictions. In accordance with the California version of UPMIFA, the Food Bank considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

1. Duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions

## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

**Fixed assets** – The Food Bank capitalizes acquisitions of property and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Beginning July 1, 2022, the Food Bank will capitalize acquisitions of property and equipment with a cost or value in excess of \$2,500 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statements of activities and changes in net assets. Depreciation is calculated using the straight-line method based upon estimated useful lives as follows:

Building	31.5–39 years
Building improvements	3–39 years
Furniture and fixtures	5–20 years
Equipment	3–15 years
Vehicles	5 years

**Impairment of long-lived assets** – Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisal, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment losses were incurred during the years ended June 30, 2023 and 2022.

#### **Revenue Recognition**

*Contributions* – The Food Bank recognizes all contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When the time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

*Special events, net* – Special events revenue is recognized upon the event taking place, net of related costs.

## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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*Contributed goods and services* – Donated food, clothing, supplies, and equipment are recorded as contributions at their estimated value or per-pound value on the date of receipt. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Bank reclassifies net assets with donor restrictions to net assets without donor restrictions as net assets are released from restrictions.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Food Bank. The Food Bank pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Food Bank with a variety of programs. Volunteers contributed over 48,900 and 39,300 hours to support Food Bank programs and services for years ended June 30, 2023 and 2022, respectively. The value of these services is not reflected in these financial statements because the services received do not create or enhance nonfinancial assets and do not require specialized skills.

The Food Bank received and utilized donated services primarily representing professional services totaling \$27,862 and \$8,675 during the years ended June 30, 2023 and 2022, respectively.

*Grants* – The Food Bank receives grants from various federal, state, local governmental funding sources, and from private donors. These funds are to be spent for specific purposes. Many of the grants are subject to annual budget negotiations and availability of funds. Revenue from grants and agreements that are nonreciprocal is treated like contributions. If the grant or agreement is conditional, a barrier to entitlement exists. Revenue is recognized and there is an increase to net assets without donor restrictions when the barrier is considered overcome. Allowable expenditures under such agreements are incurred and decrease net assets without donor restrictions. Consequently, revenues for these transactions are recognized as the expenditures are incurred. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as advances on conditional grants. Amounts received in advance of services performed are recognized as advances on conditional grants and are recognized as revenues in future periods as services are performed.

**Advertising** – The costs of advertising are charged to expense as incurred. Advertising expense was \$126,143 and \$122,097 for the years ended June 30, 2023 and 2022, respectively.

**Income taxes** – The Food Bank is a qualified organization exempt from federal income taxes and state franchise taxes under §501(c)(3) of the Internal Revenue Code (“IRC”) and §23701d of the California Revenue and Taxation Code, respectively.

U.S. GAAP requires management to evaluate tax positions taken by the Food Bank and recognize a tax liability (or asset) if the Food Bank has taken an uncertain position that more likely than not would not be sustained upon examination by Internal Revenue Service. Management has analyzed the tax positions taken by the Food Bank and has concluded that as of June 30, 2023 and 2022, respectively, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

## **Sacramento Food Bank & Family Services**

### **Notes to Financial Statements**

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**Financial instruments** – Financial instruments which potentially subject the Food Bank to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Food Bank maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Food Bank has not experienced any losses in such accounts. The Food Bank attempts to limit its credit risk associated with cash equivalents and investments by utilizing an outside investment manager to place the Food Bank's investments with highly rated corporate and financial institutions. Management believes that the Food Bank is not exposed to any significant credit risk related to concentrations.

**Functional allocation of expenses** – Expenses which apply to more than one functional category have been allocated among program, general and administrative, and fundraising using activity indicators deemed most appropriate for each expense, as determined by management. Allocation methods include estimated staff time spent on these functions by specific employees, relative number of pounds of food distributed for each program, and facility square footage used by each functional category. Indirect expenses such as facilities costs are allocated based on square footage used by functional categories. Food Bank Services operating equipment and vehicle maintenance are allocate based on pounds of food distributed. Other indirect expenses, such as information technology and general office supplies are allocated based on time spent by staff in the various functional categories. All other costs are charged directly to the appropriate functional category.

**New accounting pronouncements** – In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. The amendments in this update are effective for fiscal years beginning after December 31, 2021, with early adoption permitted. ASU 2016-02 is effective for the Food Bank beginning July 1, 2022. There was no material impact to the Food Bank's financial statements as a result of adopting this standard.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. The Food Bank recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Food Bank's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before the financial statements are available to be issued.

The Food Bank has evaluated subsequent events through December 8, 2023, which is the date the financial statements are available to be issued.

#### **Note 2 – Fair Value Measurements**

The Food Bank's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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The levels of the fair value hierarchy are as follows:

**Level 1** – Values are unadjusted quoted prices for identical assets and liabilities that the entity has the ability to access at the measurement date.

**Level 2** – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Unobservable inputs for the asset or liability that are not corroborated by market data.

**Exchange traded funds** – Exchange traded funds are listed on a national market or exchange and are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

**Mutual funds** – Mutual funds are listed on a national market or exchange and are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

**Fixed income** – Fixed income securities consist of bonds issued by the U.S. Treasury and are valued based on quoted market prices in active markets. Such securities are classified within Level 1 of the valuation hierarchy.

**Government money funds** – Government money funds are invested in U.S. government securities and other obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities. These investments are not included within the fair value hierarchy as the investments were valued using net asset value as a practical expedient.

**Beneficial interest in trust** – Underlying investments consist principally of stocks, corporate bonds, and U.S. Treasury obligations. These investments are not included within the fair value hierarchy as the investments were valued using net asset value as a practical expedient.

The following table provides information about the Food Bank’s financial assets measured at fair value on a recurring basis, including beneficial interest in trust, as of June 30, 2023:

	Level 1	Level 2	Level 3	Balance
Exchange traded funds	\$ 834,262	\$ -	\$ -	\$ 834,262
Mutual funds	3,410,129	-	-	3,410,129
Fixed income	5,091,199	-	-	5,091,199
Government money funds at net asset value	-	-	-	5,075,136
Beneficial interest in trust at net asset value	-	-	-	9,390,578
	<u>\$ 9,335,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,801,304</u>
Total				

## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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The following table provides information about the Food Bank's financial assets measured at fair value on a recurring basis, including beneficial interest in trust, as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance</u>
Exchange traded funds	\$ 134,658	-	-	\$ 134,658
Mutual funds	2,084,086	-	-	2,084,086
Beneficial interest in trust at net asset value	-	-	-	8,654,515
Total	<u>\$ 2,218,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,873,259</u>

#### Note 3 – Pledges Receivable, Net

Pledges receivable, net as of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Pledges less than one year	\$ 100,000	\$ 100,000
Between one to five years	100,000	200,000
Total pledges receivable	200,000	300,000
Less: present value discount	(2,913)	(16,661)
Less: allowance for uncollectible pledges	-	(572)
Net pledges receivable	<u>\$ 197,087</u>	<u>\$ 282,767</u>

#### Note 4 – Inventory

Inventory consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Government commodities	\$ 1,082,041	\$ 1,653,914
Donated food	988,846	1,140,199
Purchased food	53,380	273,885
Clothing and other supplies	187,588	296,989
Total	<u>\$ 2,311,855</u>	<u>\$ 3,364,987</u>

**Sacramento Food Bank & Family Services**  
**Notes to Financial Statements**

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**Note 5 – Receivables**

Receivables consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Grants and contributions	\$ 2,905,908	\$ 1,281,462
Raley's Food For Families	1,811,747	2,524,405
Other	<u>40,435</u>	<u>66,322</u>
Total	<u>\$ 4,758,090</u>	<u>\$ 3,872,189</u>

Food for Families is a program operated by Raley's Superstores whereby a credit has been established in order for the Food Bank to purchase food.

**Note 6 – Endowment Net Assets**

The following represents the changes in endowment net assets:

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2021	\$ 10,000,000	\$ 721,062	\$ 10,721,062
Net losses (realized and unrealized)	-	(1,250,547)	(1,250,547)
Distributed earnings	<u>-</u>	<u>(816,000)</u>	<u>(816,000)</u>
Endowment net assets, June 30, 2022	10,000,000	(1,345,485)	8,654,515
Net gains (realized and unrealized)	-	736,063	736,063
Distributed earnings	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, June 30, 2023	<u>\$ 10,000,000</u>	<u>\$ (609,422)</u>	<u>\$ 9,390,578</u>



## Sacramento Food Bank & Family Services

### Notes to Financial Statements

The Food Bank's policy is to invest in nonspeculative issues providing safety of capital, current income, and sustained growth. Investments consist principally of stocks, corporate bonds, and U.S. Treasury obligations. The following represents the classifications of investments:

	2023		2022	
CUIT Short Bond Class A	\$ -	0.00%	\$ 2,547,071	29.43%
CUIT International Equity Fund Class B	1,801,620	19.19%	1,324,387	15.30%
CUIT Multi Style U.S. Equity Fund Class B	1,333,726	14.20%	1,072,002	12.39%
CUIT Intermediate Diversified Bond Fund Class B	2,328,131	24.79%	1,186,658	13.71%
CUIT Opportunistic Bond Class B	2,316,069	24.66%	1,253,773	14.49%
CUIT Core Equity Index Fund Class B	822,569	8.76%	716,514	8.28%
CUIT Small Cap Equity Index Fund Class B	545,164	5.81%	361,100	4.17%
CUIT International Small Cap Equity Fund Class B	243,299	2.59%	193,010	2.23%
	<u>\$ 9,390,578</u>	<u>100.00%</u>	<u>\$ 8,654,515</u>	<u>100.00%</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or California version of UPMIFA requires the Food Bank to retain as a fund of duration. These deficiencies would generally result from unfavorable fluctuations in the underlying value of the funds held for these accounts. In accordance with U.S. GAAP, the deficiencies of this nature are reported in net assets with donor restrictions. Deficiencies exist in one donor-restricted endowment fund, which together has an original gift value of \$10,000,000 and a current fair value of \$9,390,578 and \$8,654,515 for the years ended June 30, 2023 and 2022, resulting in a deficiency of \$609,422 and \$1,345,485, respectively.

#### Note 7 – Fixed Assets, Net

Fixed assets, net consisted of the following at June 30:

	2023	2022
Land	\$ 1,640,000	\$ 2,235,572
Building and building improvements	7,141,946	12,397,939
Furniture and fixtures	201,311	211,209
Equipment	1,689,271	2,247,381
Vehicles	1,656,752	1,504,966
Construction in progress	2,137,979	14,450
	<u>14,467,259</u>	<u>18,611,517</u>
Less: accumulated depreciation	<u>(3,471,095)</u>	<u>(5,752,391)</u>
Net fixed assets	<u>\$ 10,996,164</u>	<u>\$ 12,859,126</u>

Depreciation charged to operations for the years ended June 30, 2023 and 2022 was \$774,819 and \$824,544, respectively.

## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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The Food Bank sold its Family Services Campus located in Sacramento, California, including the land and buildings, for \$12,900,000, which resulted in a net gain on sale of \$7,026,869.

#### Note 8 – Net Assets with Donor Restriction

Net assets with donor restrictions includes a \$10,000,000 endowment from St. Francis Manor, Inc. to be held in perpetuity undiminished by the effects of inflation so long as the Food Bank continues to operate as a food bank. The remainder of net assets with donor restriction for specific purposes are expected to be released from restriction by June 30, 2025. At June 30, they may be expended for:

	<u>2023</u>	<u>2022</u>
Program services:		
Special events	\$ 293,000	\$ 236,000
Food purchases and distribution	316,949	328,067
Immigration legal services	140,183	300,000
Resource development	<u>499,962</u>	<u>485,641</u>
Total	<u>\$ 1,250,094</u>	<u>\$ 1,349,708</u>

Net assets with donor restrictions released from restrictions during the year were as follows:

	<u>2023</u>	<u>2022</u>
Program services:		
Special events	\$ 393,525	\$ 235,000
Food purchases and distribution	1,211,939	1,362,955
Immigration and refugee resettlement	449,817	440,000
Management and general:		
Repayment of parochial loan	<u>-</u>	<u>816,000</u>
	<u>\$ 2,055,281</u>	<u>\$ 2,853,955</u>

#### Note 9 – Board-Designated Net Assets

Board-designated appropriations at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Capital improvements and construction planned	\$ -	\$ 2,060,000
Healthy food initiative and procurement	4,000,000	-
Program enhancements and agency capacity	4,000,000	-
Building maintenance and improvement	2,000,000	-
Capital campaign for future needs	<u>329,726</u>	<u>229,312</u>
Total	<u>\$ 10,329,726</u>	<u>\$ 2,289,312</u>

The Food Bank maintains cash and cash equivalents representing at least three months of operating capital in unrestricted cash accounts.

## Sacramento Food Bank & Family Services

### Notes to Financial Statements

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#### Note 10 – Liquidity and Funds Available

The following table reflects the Food Bank’s financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of nonliquid assets are donor restricted assets for specific expenditures, contractual reserve requirements, or governing board designations.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 7,374,998	\$ 9,126,137
Receivables	4,758,090	3,872,189
Pledges receivables	100,000	100,000
Investments	14,410,726	2,218,744
Financial assets at June 30	26,643,814	15,317,070
Less those unavailable for general expenditures within one year, due to:		
Board-designated assets for capital improvements and construction planned	-	2,060,000
Board-designated assets for healthy food initiative and procurement	4,000,000	-
Board-designated assets for program enhancements and agency capacity	4,000,000	-
Board-designated assets for building maintenance and improvement	2,000,000	-
Capital campaign for future needs	329,726	229,312
Total unavailable for general expenditures within one year	10,329,726	2,289,312
Financial assets available to meet cash needs for general expenditures within one year	\$ 16,314,088	\$ 13,027,758

#### Note 11 – Retirement Plan

**Plan 1** – Substantially all of the Food Bank’s employees are eligible to participate in the Diocese of Sacramento’s 403(b) voluntary retirement plan. Effective January 1, 2019, all eligible lay employees receive into their 403(b) account an annual employer contribution equal to 6% of the employee’s gross pay.

**Plan 2** – The Food Bank’s full-time employees that were hired prior to December 31, 2018, were eligible to participate in the Diocese of Sacramento Lay Employee Pension Plan (the “Plan”). The Plan operates as a multi-employer plan and is noncontributory for employees. Effective December 31, 2018, the Plan was frozen. Benefits continue to vest incrementally after three years of service and are fully vested after seven years of service.

## **Sacramento Food Bank & Family Services**

### **Notes to Financial Statements**

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The Food Bank pays plan administration fees equivalent to 2.5% of total salary expense to the Plans. The Food Bank's contributions and plan administration fees were \$398,721 and \$342,659 for the years ended June 30, 2023 and 2022, respectively.

#### **Note 12 – Commitments and Contingencies**

**Contingencies** – The Food Bank receives support from federal, state, and local sources under reimbursable programs. Reimbursements under these programs are subject to final audits which could result in the repayment of support recorded. In the opinion of management, the Food Bank has complied with all of the conditions of its grants and contracts for services and no material liabilities would result from any such audit.

## **Supplementary Information**

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**Sacramento Food Bank & Family Services**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Program and/or Pass-Through Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Emergency Food and Shelter National Board</u>				
U.S. Department of Homeland Security				
Pass-through program from:				
National Office of United Way -				
Emergency Food and Shelter National Board Program	97.024	94-1201196	\$ -	\$ 105,580
			-	105,580
<u>Food Distribution Cluster</u>				
U.S. Department of Agriculture				
Pass-through programs from:				
California Department of Social Services -				
Commodity Supplemental Food Program	10.565	68-0287677	-	376,075
Commodity Supplemental Food Program	10.565	68-0287677	-	16,561
Commodity Supplemental Food Program	10.565	68-0287677	-	1,262,396
Emergency Food Assistance Program	10.568	68-0287677	-	967,798
Emergency Food Assistance Program	10.568	68-0287677	-	28,820
California Association of Food Banks (CAFB) -				
Offset Produce for USDA Farm to Food Bank Program	10.568	68-0392816	-	35,583
Emergency Food Assistance Program	10.569	68-0287677	-	526,039
Emergency Food Assistance Program	10.569	68-0287677	-	457,902
Emergency Food Assistance Program - Reach and Resiliency	10.569	68-0287677	-	29,634
USDA Food Commodities	10.569	68-0287677	-	6,204,481
CalFoods Logistics - Emergency Food Assistance Program	10.569	85-2138383	-	94,613
CalFoods Logistics - Build Back Better	10.569	85-2138383	-	18,124
Total Food Distribution Cluster			-	10,018,026
<u>Supplemental Nutrition Assistance Program Cluster</u>				
U.S. Department of Agriculture				
Pass-through programs from:				
California Department of Social Services -				
CAFB - CalFresh Outreach Program	10.561	68-0392816	2,641	85,703
Department of Health and Human Services -				
SNAP Education - Sacramento County Obesity Prevention Program	10.561	94-6000529	-	65,290
Total Supplemental Nutrition Assistant Program Cluster			2,641	150,993
<u>U.S. Department of Agriculture</u>				
Pass-through programs from:				
California Department of Social Services -				
CalFresh P-EBT	10.649	72-0564834	-	5,149
			-	5,149
<u>United States Department of State</u>				
Pass-through programs from:				
U.S. Conference of Catholic Bishops -				
U.S. Refugee Admission Program	19.510	53-0196617	-	563,974
U.S. Refugee Admission Program	19.510	53-0196617	-	8,430
			-	572,404
<u>Coronavirus State and Local Fiscal Recovery Funds</u>				
U.S. Department of Treasury				
Pass-through programs from:				
California Department of Social Services -				
COVID-19 City ARPA	21.027	96-8953070	-	500,000
COVID-19 County ARPA	21.027	96-8953070	-	2,000,000
COVID-19 County ARPA District 5	21.027	96-8953070	-	75,000
			-	2,575,000
Total Expenditures of Federal Awards			\$ 2,641	\$ 13,427,152

See notes to schedule of expenditures of federal awards.

## **Sacramento Food Bank & Family Services**

### **Notes to Schedule of Expenditures of Federal Awards**

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#### **Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Sacramento Food Bank & Family Services (the “Food Bank”) 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 the Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Food Bank.

Federal expenditures of \$13,427,152 are presented in the Food Bank’s financial statements under their functional categories.

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

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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Food Bank recognizes grants’ revenues and expenses to the extent that eligible grant costs are incurred. The Food Bank elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **Note 3 – Subrecipients**

Certain funds are passed through to subrecipient organizations by the Food Bank. Expenditures incurred by the subrecipients and reimbursed by the Food Bank are included in the Schedule. The Food Bank is also the subrecipient of federal funds, which are reported as expenditures and listed separately as federal pass-through funds.

## **Report of Independent Auditors 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***

The Audit Committee  
Sacramento Food Bank & Family Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sacramento Food Bank & Family Services (the “Food Bank”), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 December 8, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Food Bank’s internal control over financial reporting (internal control) as a basis for designing 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 the Food Bank’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Food Bank’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Food Bank’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. 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 the Food Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Moss Adams LLP".

Rancho Cordova, California  
December 8, 2023

# **Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

The Audit Committee  
Sacramento Food Bank & Family Services

## **Report on Compliance for the Major Federal Program**

### ***Opinion on the Major Federal Program***

We have audited Sacramento Food Bank & Family Services (the “Food Bank”) 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 the Food Bank’s major federal programs for the year ended June 30, 2023. The Food Bank’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Food Bank complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Food Bank and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Food Bank’s 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 the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Food Bank’s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Food Bank's 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 GAAS, *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 the Food Bank's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 the Food Bank's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Food Bank's 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 the Food Bank's 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 and 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 requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 limitations, 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 were not 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Rancho Cordova, California  
December 8, 2023

**Sacramento Food Bank & Family Services**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified? reported  Yes  None
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over each federal major program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified? reported  Yes  None

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)?

Yes  No

**Identification of Major Federal Programs and Type of Auditor’s Report Issued on Compliance for Each Major Federal Program:**

<i>Federal Assistance Listing Numbers</i>	<i>Name of Federal Programs or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Each Major Federal Program</i>
10.565/10.568/10.569	Food Distribution Cluster	<i>Unmodified</i>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

