

**FOOD BANK FOR MONTEREY COUNTY**

**FINANCIAL STATEMENTS  
JUNE 30, 2022**

# FOOD BANK FOR MONTEREY COUNTY

## TABLE OF CONTENTS JUNE 30, 2022

Independent Auditors' Report .....	1-3
Financial Statements:	
Statement of Financial Position.....	4
Statement of Activities and Changes in Net Assets .....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7-8
Notes to Financial Statements .....	9-16
Supplementary Information:	
Schedule of Expenditures of Federal Awards.....	17-18
Notes to Schedule of Expenditures of Federal Awards.....	19
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i> Standards.....	20-21
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	22-24
Schedule of Findings and Questioned Costs.....	25
Summary Schedule of Prior Audit Findings and Questioned Costs.....	26

# Rojas & Associates, CPAs

1300 S Street, Sacramento, California 95811

[www.rojascpa.com](http://www.rojascpa.com)

Phone - 916-362-4040

To the Board of Directors  
Food Bank for Monterey County

## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the financial statements of Food Bank for Monterey County (a non-profit organization), which comprise the statement of financial position as of June 30, 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Food Bank for Monterey County as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food Bank for Monterey County 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.

### Other Matter

The financial statements of Food Bank for Monterey County for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on December 15, 2021.

### Responsibilities of Management for the Financial Statements

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

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

### Auditors' 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 auditors' 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Food Bank for Monterey County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Bank for Monterey County'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.

### **Report on Summarized Comparative Information**

The financial statements of Food Bank for Monterey County as of June 30, 2021 were audited by other auditors whose report dated December 15, 2021 expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

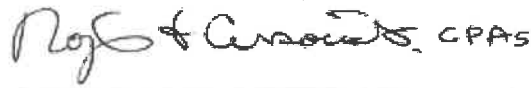
### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, is required by the Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is 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 with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022, on our consideration of Food Bank for Monterey County'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 Food Bank for Monterey County'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 Food Bank for Monterey County's internal control over financial reporting and compliance.

ROJAS & ASSOCIATES, CPAs



---

Sacramento, California  
October 20, 2022

**FOOD BANK FOR MONTEREY COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 11,608,420	\$ 13,270,896
Investments	215,460	229,828
Agency receivables	61,567	385,362
Grant and contract receivables	495,351	46,029
Accrued revenue	87,000	0
Inventory	2,028,488	2,532,476
Prepaid expenses	<u>204,089</u>	<u>1,144,106</u>
Total current assets	<u>\$ 14,700,375</u>	<u>\$ 17,608,697</u>
<b>OTHER ASSETS</b>		
Property and equipment, net	11,682,897	12,043,229
Cash restricted to service debt	<u>0</u>	<u>307,000</u>
Total other assets	<u>11,682,897</u>	<u>12,350,229</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 26,383,272</b></u>	<u><b>\$ 29,958,926</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 26,293	\$ 22,455
Accrued paid time off	129,344	112,990
Loan payable, current portion	<u>0</u>	<u>168,762</u>
Total current liabilities	<u>155,637</u>	<u>304,207</u>
Long-term liabilities:		
Loan payable	<u>0</u>	<u>6,952,641</u>
Total liabilities	<u>\$ 155,637</u>	<u>\$ 7,256,848</u>
Net Assets:		
Without donor restrictions:		
Undesignated	\$ 12,326,186	\$ 14,965,879
Held in property and equipment, net of related debt	11,682,897	4,921,826
Held in inventory	<u>2,028,488</u>	<u>2,532,476</u>
Total without donor restrictions	26,037,571	22,420,181
With donor restrictions	<u>190,064</u>	<u>281,897</u>
Total net assets	<u>26,227,635</u>	<u>22,702,078</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 26,383,272</b></u>	<u><b>\$ 29,958,926</b></u>

See independent auditors' report and notes to financial statements.

# FOOD BANK FOR MONTEREY COUNTY

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2022 (WITH SUMMARIZED TOTALS FOR JUNE 30, 2021)

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restriction</u>	2022 <u>Total</u>	2021 <u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Food donations	\$ 18,642,662	\$ 0	\$ 18,642,662	\$ 9,027,049
Product fees	299,940	0	299,940	125,985
Cash contributions	5,572,321	0	5,572,321	7,293,359
In-kind contributions	114,575	0	114,575	143,350
Donated securities	36,811	0	36,811	0
Donated assets	7,000	0	7,000	193,757
Grants	2,525,935	200,000	2,725,935	2,655,445
Government contracts	1,564,448	0	1,564,448	33,720,370
Bequests	124,130	0	124,130	6,532
Net bingo income (loss)	( 165,412)	0	(165,412)	308,319
Interest and other income	5,311	0	5,311	6,877
Net realized and unrealized gain (loss) on investments	<u>( 51,179)</u>	<u>0</u>	<u>( 51,179)</u>	<u>51,460</u>
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	28,676,542	200,000	28,876,542	53,532,503
Net assets released from restrictions	<u>291,833</u>	<u>( 291,833)</u>	<u>0</u>	<u>0</u>
	<u>28,968,375</u>	<u>( 91,833)</u>	<u>28,876,542</u>	<u>53,532,503</u>
<b>EXPENSES</b>				
Program expenses	24,430,777	0	24,430,777	44,087,783
Supporting services expenses				
Administration	795,461	0	795,461	803,408
Fundraising	<u>124,747</u>	<u>0</u>	<u>124,747</u>	<u>137,941</u>
Total supporting services expenses	<u>920,208</u>	<u>0</u>	<u>920,208</u>	<u>941,349</u>
<b>TOTAL EXPENSES</b>	<u>25,350,985</u>	<u>0</u>	<u>25,350,985</u>	<u>45,029,132</u>
<b>CHANGE IN NET ASSETS</b>	3,617,390	( 91,833)	3,525,557	8,503,371
<b>NET ASSETS</b>				
<b>BEGINNING OF THE YEAR</b>	<u>22,420,181</u>	<u>281,897</u>	<u>22,702,078</u>	<u>14,198,707</u>
<b>END OF THE YEAR</b>	<u>\$ 26,037,571</u>	<u>\$ 190,064</u>	<u>\$ 26,227,635</u>	<u>\$ 22,702,078</u>

See independent auditors' report and notes to financial statements.

# FOOD BANK FOR MONTEREY COUNTY

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2021)

	PROGRAMS			SUPPORT SERVICES					
	Emergency Food Assistance Program (EFAP)	Education and Advocacy	Produce Market	Total Program Services	Administration	Fundraising	Total Support Services	2022 Total	2021 Total
In-kind food	\$ 7,415,733	\$ 0	\$ 594,623	\$ 15,216,931	\$ 0	\$ 0	\$ 0	\$15,216,931	\$ 8,764,777
USDA commodity costs	3,731,545	0	26,074	3,896,109	0	0	0	3,896,109	30,034,859
Food costs/food fees	1,340,707	0	118,648	1,904,787	0	0	0	1,904,787	2,071,518
Salaries	532,867	4,358	97,148	1,146,359	549,809	74,238	624,047	1,770,406	1,771,745
Depreciation	159,113	5,893	206,256	559,839	17,679	11,786	29,465	589,304	540,717
Employee benefits	118,487	391	31,263	307,415	72,362	10,966	83,328	390,743	427,080
Interest expense	156,174	3,246	20,500	308,335	9,737	6,491	16,228	324,563	342,524
Professional services	65,861	2,155	13,512	197,315	54,607	4,310	58,917	256,232	172,414
Supplies	125,282	173	6,825	208,719	928	346	1,274	209,993	222,844
Insurance and utilities	76,672	1,580	29,334	175,381	20,752	3,161	23,913	199,294	191,729
Vehicle expense	86,632	0	21,370	192,684	0	0	0	192,684	162,955
Payroll taxes	42,697	1,804	9,595	94,496	37,673	7,744	45,417	139,913	125,391
Printing and advertising	31,111	769	6,509	73,838	2,350	1,539	3,889	77,727	50,260
Membership dues	39,654	0	0	39,654	8,408	0	8,408	48,062	56,284
Meetings, training, travel	41,268	0	0	41,268	0	3,169	3,169	44,437	27,958
Equipment expense	11,260	54	1,831	24,483	734	298	1,032	25,515	11,708
Telephone	11,266	231	1,531	23,240	692	462	1,154	24,394	27,988
Postage	0	0	0	0	18,695	0	18,695	18,695	20,269
Building maintenance	6,592	118	367	11,609	355	237	592	12,201	0
Miscellaneous	0	0	0	5,688	680	0	680	6,368	6,112
Property taxes	0	0	0	2,627	0	0	0	2,627	0
TOTAL FUNCTIONAL EXPENSES	\$ 9,250,122	\$ 20,772	\$ 1,185,386	\$24,430,777	\$ 795,461	\$ 124,747	\$ 920,208	\$25,350,985	\$45,029,132

See accompanying independent auditors' report and notes to financial statements.



**FOOD BANK FOR MONTEREY COUNTY**  
**STATEMENTS OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,525,557	\$ 8,503,371
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	589,304	540,717
Net realized and unrealized loss (gain) on investments	51,179	( 51,460 )
Receipt of donated fixed assets	( 7,000 )	( 193,757 )
Receipt of donated securities	( 36,811 )	0
Loss on disposal of fixed assets	16,045	6,483
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	( 125,527 )	322,604
Increase in accrued revenue	( 87,000 )	0
Decrease (increase) in prepaid expenses	940,017	( 1,077,159 )
Decrease (increase) in inventory	503,988	( 542,790 )
Increase (decrease) in accounts payable and accrued expenses	3,838	( 86,419 )
Decrease in refundable advance	0	( 377,640 )
Increase in accrued paid time off	<u>16,354</u>	<u>7,431</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>5,389,944</u>	<u>7,051,381</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of securities	0	( 53,415 )
Purchase of fixed assets	( 238,017 )	( 490,490 )
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>( 238,017 )</u>	<u>( 543,905 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on loan payable	( 7,121,403 )	( 165,882 )
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>( 7,121,403 )</u>	<u>( 165,882 )</u>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	( 1,969,476 )	6,341,594
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF THE YEAR</b>	<u>13,577,896</u>	<u>7,236,302</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF THE YEAR</b>	<u>\$ 11,608,420</u>	<u>\$ 13,577,896</u>
<b>SUPPLEMENTARY INFORMATION</b>		
Cash paid for interest	\$ 324,564	\$ 342,524

See independent auditors' report and notes to financial statements.

**FOOD BANK FOR MONTEREY COUNTY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2021)**

**PRESENTED ON THE STATEMENT OF FINANCIAL POSITION**

Cash and cash equivalents	\$ 11,608,420	\$ 13,270,896
Cash restricted to service debt	<u>0</u>	<u>307,000</u>
Total cash, cash equivalents and restricted cash	<u>\$ 11,608,420</u>	<u>\$ 13,577,896</u>

See independent auditors' report and notes to financial statements.

# FOOD BANK FOR MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

---

### NOTE 1. DESCRIPTION OF THE ORGANIZATION

The Food Bank for Monterey County ("Food Bank" or the "Organization") is a California nonprofit corporation established in 1992 to distribute food to alleviate hunger, provide emergency services during a natural disaster, and conduct educational awareness programs relating to hunger issues in Monterey County, California. The Organization administers the following programs:

*Direct Distributions:* The Organization works with a network of Monterey County non-profit agencies that rely on the Food Bank as their primary resource to provide food assistance to the elderly, chronically ill, homeless, unemployed and working poor.

*Emergency Food Assistance Program (EFAP):* The Organization distributes United States Department of Agriculture food commodities to various sites throughout Monterey County on a monthly basis.

*Education and Advocacy:* The Organization educates people in the local community about the personal, political and social issues related to hunger.

*Produce Market:* The Organization distributes fresh local and California grown produce similar to a farmer's market. The Organization aims to address health concerns such as diabetes and obesity among the population it serves.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the presence or absence of donor or grant imposed restrictions. Net assets without donor restrictions includes amounts designated by the Board for various purposes.

#### B. Property and Equipment

Property and equipment are recorded at cost if purchased, or fair value on the date of donation. Property and equipment over \$1,000 with a useful life of greater than one year are capitalized. They are depreciated using the straight line method over the estimated useful lives of the assets. Estimated useful lives range from three to forty years.

#### C. Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions. Net assets with donor restrictions are restricted for use in specific periods or programs of the Organization.

See accompanying independent auditors' report.

# FOOD BANK FOR MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

---

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Estimates

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

#### E. Tax-Exempt Status

The Organization is a non-profit corporation organized under the laws of the state of California. The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code, and exempt from state franchise or income tax under section 23701d of the California Revenue and Taxation Code. Accordingly, no provisions for income taxes or related credits are included in the accompanying financial statements.

Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

#### F. Unconditional Promises to Give

Unconditional promises to give which are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give which are expected to be collected over a period in excess of one year are discounted, and the discount is amortized to contribution revenue.

#### G. Cash and Cash Equivalents

The Organization considers short-term investments with initial maturities of 90 days or less to be cash equivalents. Cash and cash equivalents consist of cash on hand and deposits in banks and brokerage accounts.

#### H. Investments

The Organization holds investments in marketable equity securities with readily determinable fair values, which are stated at fair value. Net investment gain or loss is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less management fee expenses. Donated securities are recorded at fair value on the date of donation.

#### I. Investment Valuation

GAAP establishes a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1- Inputs are quoted prices in an active market.

Level 2- Inputs are quoted prices for similar instruments and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

See accompanying independent auditors' report.

# FOOD BANK FOR MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

---

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 3- Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

#### **J. Product Fees**

The Organization receives fees from participating agencies to partially offset the costs of distributing food. These shared maintenance fees are based upon predetermined rates from \$0.00 to \$0.19 per pound, or an average of \$0.04 per pound for the year ended June 30, 2022. Total shared maintenance fees during the year ended June 30, 2022 totaled \$299,940.

#### **K. Receivables**

Receivables which are expected to be collected within one year from the statement of financial position date are held at face value. Receivables which are not expected to be collected within one year from the statement of financial position date are discounted using an appropriate rate obtained from the Internal Revenue Service. Management periodically reviews the collectability of its receivables and establishes an allowance for doubtful accounts as necessary. For the year ended June 30, 2022, all receivables were considered collectible and no allowance was deemed necessary.

#### **L. Accrued Revenue**

Accrued revenue consists of government contract revenue which has been earned according to the terms of the contract but for which a request for reimbursement has not yet been submitted to the agency.

#### **M. Inventory**

Donated food is valued using an average per pound value using methodology derived from Feeding America. Purchased food is valued at cost. EFAP food is valued based on the USDA's determination of the commodities' fair value.

#### **N. Contributions in Kind**

Donated non-governmental products and EFAP food packages were valued at \$1.63 per pound for the year ended June 30, 2022. Donated government food was valued at the most recently published cost-per-pound price in the USDA donated food catalog per the FNS electronic USDA donated food ordering system. Other donated materials are recorded at their estimated fair value at the date of donation. The Organization also receives substantial donated volunteer time which does not meet the criteria for revenue recognition. The estimated value of these donated services is disclosed in Note 9.

#### **O. Functional Allocation of Expenses**

The costs of providing the Organization's programs and other activities are reported on a functional basis in the statement of functional expenses. Expenditures that can be identified with a specific program or supporting service are allocated directly according to their purpose. Expenditures attributable to more than one program or supporting service require allocation on a reasonable

See accompanying independent auditors' report.

# FOOD BANK FOR MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

basis that is consistently applied. Salaries and benefits are allocated based on time studies which are performed annually. Occupancy and depreciation costs are allocated based on the percentage of square feet occupied. Vehicle costs are allocated based on the percentage of food transported or distributed through each program. Food costs are allocated based on the percentage of food received by each program during the prior year. Separate allocations are set up to be applied depending on whether or not seasonal programs are in operation.

#### P. New Accounting Pronouncements Adopted in Current Year

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958), which modifies the presentation and disclosure requirements for contributed nonfinancial assets. The Organization retrospectively adopted provisions of this new standard effective July 1, 2021. The adoption of this standard did not have any significant impacts on the reported results of operations.

#### Q. Upcoming Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016-02, Leases. ASU No. 2016-02 was issued to increase transparency and compatibility among entities. Lessees will need to recognize nearly all lease transaction (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined).

Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early application is permitted. Upon adoption, leases and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Organization is currently evaluating the effect the provisions of this ASU will have on the financial statements.

#### R. Summarized Totals for June 30, 2021

Selected financial information as of June 30, 2021, and for the year then ended is presented for summarized purposes only, and is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with the audited financial statements as of June 30, 2021 and for the year then ended.

### NOTE 3. GRANT AND CONTRACT RECEIVABLES

Grant and contract receivables at June 30, 2022 consisted of the following:

Monterey County	\$ 2,891
Sunlight Giving	<u>\$ 492,460</u>
Total	<u>\$ 495,351</u>

See accompanying independent auditors' report.

**FOOD BANK FOR MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

---

**NOTE 3. GRANT AND CONTRACT RECEIVABLES (CONTINUED)**

The grant receivable from Sunlight Giving consists of \$250,000 receivable in May 2023 and \$250,000 in May 2024. The portion of the receivable which is not expected to be received within one year of the statement of financial position date is discounted at 3.11% for a total discount of \$7,540.

**NOTE 4. INVENTORY**

The Organization's policies are to recognize the receipt of donated food as in-kind contributions and that inventory may neither be sold nor pledged as security for debt.

At June 30, 2022, inventory consisted of the following:

USDA Commodities	\$ 833,355
Donated Food	<u>541,621</u>
Subtotal: In-Kind Food	1,374,946
Purchased Food	423,612
Gift Cards	<u>229,900</u>
 Total Inventory	 <u>\$ 2,028,488</u>

**NOTE 5. PROPERTY AND EQUIPMENT**

At June 30, 2022, property and equipment consisted of the following:

Land	\$ 2,609,000
Leasehold Improvements	300,191
Buildings	8,066,755
Building improvements	55,582
Vehicles	1,884,657
Warehouse equipment	959,709
Office equipment	306,323
Construction in progress	<u>26,012</u>
 Total Property and equipment	 14,208,229
 Less: Accumulated depreciation	 <u>2,525,332</u>
 Net property and equipment	 <u>\$ 11,682,897</u>

See accompanying independent auditors' report.

# FOOD BANK FOR MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 6. FAIR VALUE

Investments and inventory measured at fair value on a recurring basis have been categorized into the fair value hierarchy as follows at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 215,460	\$ 0	\$ 0	\$ 215,460
Donated food inventory	0	541,621	0	541,621
USDA commodities inventory	0	833,355	0	833,355
Total	<u>\$ 215,460</u>	<u>\$ 1,374,976</u>	<u>\$ 0</u>	<u>\$ 1,590,436</u>

### NOTE 7. LOANS PAYABLE

The Organization entered into a promissory note agreement with Pinnacle Bank in November 2019 in the amount of \$7,379,826. The note was secured by the property at West Rossi Street in Salinas, California. In May 2022, the remaining principal balance of \$6,980,047 was paid in full. Total interest expense under this note for the year ended June 30, 2022 was \$324,564.

### NOTE 8. BINGO REVENUES AND EXPENSES

Gross bingo revenue	\$ 3,333,889
Less: Prize fund expenses	<u>2,901,285</u>
Net bingo revenue	<u>432,604</u>
 Bingo supplies	286,480
Labor	101,488
Bingo hall manager	70,775
Rent	35,179
Bank fees	34,326
Security	33,590
Other	<u>36,178</u>
Total operating expenses	<u>598,016</u>
 Net bingo loss	<u>(\$ 165,412)</u>

### NOTE 9. CONTRIBUTIONS IN KIND

During the year ended June 30, 2022, the estimated fair value of donated food, assets, and gift cards received by the Organization were \$18,642,662, \$43,811 and \$114,575, respectively.

The estimated fair value of donated services consisting of volunteer time was calculated using the total number of hours volunteered times the current California minimum wage rate. The estimated fair value of these services was \$1,032,393 for the year ended June 30, 2022. In accordance with accounting principles generally accepted in the United States of America, the fair value of these services are not reflected in the financial statements.

See accompanying independent auditors' report.



**FOOD BANK FOR MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

**NOTE 10. OPERATING LEASES**

The Organization entered into two lease agreements which run from February 2020 to May 2023 for a location to host bingo games on Sundays and Thursdays. The leases have a rate of \$1,800 per session, payable monthly. Total rent paid under these leases for the year ended June 30, 2022 was \$35,179.

The Organization entered into a contract with Technology Credit Corporation in October 2017 to purchase energy output generated from solar panels installed on the Organization's building. The contract specified an energy payment rate ranging from \$0.1540 to \$0.2202 per kilowatt hour over twenty years. The terms of the agreement include an automatic extension for up to two years. Total payments made under this contract for the year ended June 30, 2022 were \$35,790.

**NOTE 11. RETIREMENT PLAN CONTRIBUTIONS**

The Organization has a deferred compensation plan under Internal Revenue Code Section 403(b). Employees may defer a portion of their salary immediately after commencing employment. The Organization contributes an amount equal to 2.5% of the employee's base pay for all employees who have reached 12 months of service and 18 years of age, regardless of whether they have elected to defer a portion of their pay. Total retirement plan expense for the year ended June 30, 2022 was \$33,477.

**NOTE 12. CONCENTRATION OF CREDIT RISK**

The Organization maintains cash and investment accounts at several financial institutions. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At June 30, 2022, uninsured balances totaled \$11,162,188. The Organization also holds investments in accounts which are insured by the Securities Investor Protection Corporation (SIPC). At June 30, 2022, there were no investments in excess of SIPC limits.

**NOTE 13. NET ASSETS**

Net assets with donor restrictions were as follows for the year ended June 30, 2022:

<u>Purpose</u>	<u>Balance 6/30/2021</u>	<u>Added</u>	<u>Satisfied</u>	<u>Balance 6/30/2022</u>
The David & Lucille Packard Foundation	\$ 206,897	\$ 0	\$ 165,517	\$ 41,380
Tanimura Family	75,000	0	0	75,000
Monterey Peninsula Foundation	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 126,316</u>	<u>\$ 73,684</u>
Total	<u>\$ 281,897</u>	<u>\$ 200,000</u>	<u>\$ 291,833</u>	<u>\$ 190,064</u>

See accompanying independent auditors' report.

# FOOD BANK FOR MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

---

### NOTE 14. COMMUNITY FOUNDATION

The Community Foundation for Monterey County holds an endowment fund for the Organization. The fund balance is not reflected in the Organization's financial statements as the Organization has no ownership rights to the fund. The fund balance was \$84,400 at June 30, 2022. The income distribution from this fund was \$3,395 for the year ended June 30, 2022.

### NOTE 15. CONCENTRATIONS

The Organization receives substantial allocations of in-kind food from governmental agencies. Changes in funding for these governmental programs could adversely affect the Organization's ability to operate its current programs.

The Organization has a contract with Feeding America to improve the capacity of the Organization to fulfill its mission of providing solutions to the problem of hunger in America. Under the terms of the agreement, the Organization is required to maintain certain financial covenants. These covenants were met for the year ended June 30, 2022. Feeding America may terminate the agreement with cause according to the compliance standards of the contract. The Organization may terminate the agreement with 30 days advance written notice.

### NOTE 16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through, October 20, 2022, the date the financial statements were available to be issued. There were no subsequent events that required recognition or additional disclosures in these financial statements.

### NOTE 17. LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following at June 30, 2022:

Cash and cash equivalents	\$ 11,608,420
Investments	215,460
Receivables	<u>643,918</u>
Total Financial Assets	\$ 12,252,338
Less financial assets unavailable for general purposes	
Donor restrictions	<u>190,064</u>
Financial Assets Available to Meet Cash Needs	
For General Expenditures within One Year	<u>\$ 12,062,274</u>

See accompanying independent auditors' report.

# FOOD BANK FOR MONTEREY COUNTY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

Federal Grantor/ Pass- Through Grantor/ Program or Cluster Title	Federal CFDA Number	Identifying Number	Federal Expenditures
Entitlements Grants Cluster			
<u>U.S. Department of Housing and Urban Development</u>			
Pass-through Agency:			
City of Monterey			
Community Development Block Grant	14.218	AG-5129	\$ 25,000
County of Monterey			
Senior Produce Distribution	14.218	N/A	<u>87,000</u>
Total U.S. Department of Housing and Urban Development programs in cluster			<u>112,000</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-through Agency:			
County of Monterey			
Community Services Block Grant	93.569	N/A	<u>78,000</u>
Food Distribution Cluster			
<u>U.S. Department of Agriculture</u>			
Pass-through Agency:			
California Department of Social Services			
The Emergency Food Assistance Program			
Administrative Costs	10.568	MOU#15-00127	231,844
Covid-19 Administrative Costs	10.568	MOU#15-00127	5,988
Commodities	10.569	N/A	<u>3,896,109</u>
Total U.S. Department of Agriculture programs in cluster			<u>4,133,941</u>
<u>U.S. Department of Agriculture</u>			
Pass-through Agency:			
California Department of Social Services			
Trade Mitigation Program Eligible Recipient Agency			
Operational Funds			
Emergency Food for Families	10.178	N/A	<u>19,633</u>
Total U.S. Department of Agriculture			<u>4,153,574</u>

See accompanying independent auditors' report.

**FOOD BANK FOR MONTEREY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

---

U.S. Department of Homeland Security,  
Federal Emergency Management Agency

Pass-through Agency:

United Way of Monterey County

FEMA-CARES	97.024	N/A	451,476
FEMA-Phase 37	97.024	N/A	45,113
FEMA-Phase 38	97.024	N/A	104,743
FEMA-ARPAR	97.024	N/A	<u>50,000</u>

Total U.S. Department of Homeland Security, Federal Emergency Management Agency programs			<u>651,332</u>
---	--	--	----------------

Total expenditures of federal awards			<u>\$ 4,994,906</u>
--------------------------------------	--	--	---------------------

See accompanying independent auditors' report.

# FOOD BANK FOR MONTEREY COUNTY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

---

### NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Food Bank for Monterey County under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* ("CRF") 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 Organization, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the Organization.

### NOTE 2. 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Food Bank for Monterey County has selected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Nonmonetary assistance is reported on the scheduled at the fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the total amount of nonmonetary expenditures on the Schedule was \$3,896,109. At June 30, 2022, Food Bank for Monterey County had food commodities totaling \$833,355 in inventory.

# Rojas & Associates, CPAs

1300 S Street, Sacramento, California 95811

[www.rojascpa.com](http://www.rojascpa.com)

Phone - 916-362-4040

## INDEPENDENT AUDITORS' 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*

Board of Directors  
Food Bank for Monterey County

Members of the Board:

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 Food Bank for Monterey County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 October 20, 2022.

### Report on Internal Control over Financial Reporting

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

*A deficiency in internal control* exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 have not been identified.


## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Food Bank for Monterey County's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such 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 on Food Bank for Monterey County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank for Monterey County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ROJAS & ASSOCIATES, CPAs



---

Sacramento, California  
October 20, 2022

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

Board of Directors  
Food Bank for Monterey County

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

We have audited Food Bank for Monterey County's 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 Food Bank for Monterey County's major federal program for the year ended June 30, 2022. Food Bank for Monterey County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Food Bank for Monterey County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

#### 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 Food Bank for Monterey County and to meet 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 on compliance for each major federal program. Our audit does not provide a legal determination of Food Bank for Monterey County'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, laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Food Bank for Monterey County'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 to express an opinion on Food Bank for Monterey County'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 one 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 Food Bank for Monterey County's compliance with the requirements of each major federal program 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.
- We 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 Food Bank for Monterey County's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- We obtain an understanding of Food Bank for Monterey County'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 Food Bank for Monterey County'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 compliance 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

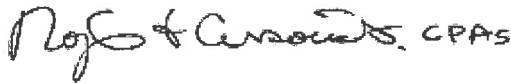
Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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. 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ROJAS & ASSOCIATES, CPAs



---

Sacramento, California  
October 20, 2022

**FOOD BANK FOR MONTEREY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

**Section I- Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued	Unmodified
Internal Control over financial reporting	
Material weakness identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over financing reporting	
Material weakness identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major program	
US Department of Agriculture	
10.568 The Emergency Food Assistance Program	
- Administrative Costs	
10.569 The Emergency Food Assistance Program	
- Commodities	
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II- Financial Statement Findings**

No matters were reported.

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

No matters were reported.

## FOOD BANK FOR MONTEREY COUNTY

### SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS JUNE 30, 2022

#### Section II- Financial Statement Findings

##### A. Reportable conditions in Internal Control

2021-001 – Revenue from the CARES funding recorded in the incorrect fiscal year.

**Condition:** In fiscal year 2021, the Organization submitted an expense reimbursement request to the County that included expenses incurred in the prior fiscal year. These expenses were not recorded as revenue and receivable as of June 30, 2020.

**Criteria:** When the Organization meets the requirements to receive funds from a reimbursable grant, revenue should be recorded. For the CARES grant, the requirements are met when expenses allowable under the grant agreement are incurred. Revenue and related receivables from expenses incurred prior to June 30, 2020 that the Organization decided to submit for reimbursement after year end, should have been recognized in fiscal year 2020.

**Cause:** In fiscal year 2021, the Organization requested expense reimbursement from a grant that included various invoices for expenses incurred in the current and prior fiscal year.

**Effect:** Revenue and Accounts Receivable as of June 30, 2020 was understated.

**Context:** The Organization had to submit a reimbursement request from a CARES grant that was close to expiring in September 2020. Various invoices were submitted with the request, including invoices for expenses incurred in the prior fiscal year. These expenses were incurred within the period of the grant which covered two different fiscal years, but the revenue from invoices dated in the prior fiscal year were not recognized as revenue in the prior period. The entire amount requested was recorded as revenue when payment was received in fiscal year 2021.

**Recommendation:** The Food Bank should review the invoices that are included with their reimbursement request and verify that the revenue and related receivable for those invoices are recorded in the period when the grant conditions are met.

**Views of Responsible Officials:** The Food Bank will closely review invoices attached to the reimbursement request report when they submit the request to ensure the revenue is recognized in the proper period.

#### Section III- Federal Award Findings and Questioned Costs

No matters were reported.