



*Reports of Independent Auditors and  
Consolidated Financial Statements with  
Supplementary Information*

**Central California Food Bank and Subsidiary**

*June 30, 2018*

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## **Report of Independent Auditors**

To the Board of Directors  
Central California Food Bank and Subsidiary

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Central California Food Bank (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

## ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Central California Food Bank and Subsidiary as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Supplementary Information*

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

### *Other Information*

The consolidating statement of financial position, consolidating statement of activities, and the consolidating statement of cash flows on pages 32 - 34 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, on our consideration of Central California Food Bank and Subsidiary'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 Central California Food Bank and Subsidiary'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 Central California Food Bank and Subsidiary's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to be 'M. Allen' followed by a stylized flourish.

Fresno, California  
November 29, 2018

**Consolidated Financial Statements**

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**Central California Food Bank and Subsidiary**  
**Consolidated Statement of Financial Position**  
**June 30, 2018**

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**ASSETS**

CURRENT ASSETS

Cash and cash equivalents	\$ 741,196
Investments in mutual funds – at fair value	223,359
Accounts receivable	98,452
Grants receivable	222,388
Current portion of pledges receivable	1,416,608
Inventory	2,497,948
Prepaid expenses	64,888
Restricted cash	<u>1,906,219</u>

Total current assets 7,171,058

PROPERTY AND EQUIPMENT, net 7,601,220

OTHER ASSETS

Deposits	21,786
Loan receivable	5,951,440
Pledges receivable, net of current portion	<u>150,000</u>

Total other assets 6,123,226

Total assets \$ 20,895,504

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

Accounts payable	\$ 373,503
Accrued expenses	214,426
Deferred revenue	50,000
Current portion on notes payable	<u>7,510</u>

Total current liabilities 645,439

NOTES PAYABLE, net of current portion 11,452,743

Total liabilities 12,098,182

NET ASSETS

Unrestricted	8,503,651
Temporarily restricted	<u>293,671</u>

Total net assets 8,797,322

Total liabilities and net assets \$ 20,895,504

**Central California Food Bank and Subsidiary**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2018**

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REVENUES, GAINS, AND OTHER SUPPORT	
Contributions – commodities	\$ 51,356,210
Grants – commodities	2,798,717
Grants – operations and administrative	791,137
Contributions – other	6,523,835
Fundraising and direct mail campaigns	1,334,643
Agency fees and charges	1,008,586
Net assets released from restriction	469,123
Gain on sale of assets	2,800
Interest and dividend income	12,390
Total revenues, gains, and other support	64,297,441
EXPENSES	
Program services	59,356,756
Supporting services	
Management and general	679,885
Fundraising	1,161,567
Total expenses	61,198,208
CHANGE IN UNRESTRICTED NET ASSETS	3,099,233
TEMPORARILY RESTRICTED NET ASSETS	
Food purchases	301,370
Related programs	76,500
Restrictions satisfied by payment of related expenses	(469,123)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(91,253)
CHANGE IN NET ASSETS	3,007,980
NET ASSETS, beginning of year	5,789,342
NET ASSETS, end of year	\$ 8,797,322

**Central California Food Bank and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2018**

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	Program	Management and General	Fundraising	Total
Contributed commodities	\$ 55,558,777	\$ -	\$ -	\$ 55,558,777
Salaries and related expenses	1,508,589	401,411	454,285	2,364,285
Purchased commodities	847,946	-	-	847,946
Outside services	11,069	2,945	428,273	442,287
Rents	230,418	61,310	69,386	361,114
Freight, fuel, and transportation	244,719	-	-	244,719
Supplies and materials	199,224	1,977	2,237	203,438
Repairs and maintenance	239,078	-	-	239,078
Office expenses	93,206	17,336	19,620	130,162
Utilities	82,642	21,990	24,886	129,518
Depreciation	158,445	17,605	-	176,050
Professional fees	-	117,209	-	117,209
Special events	-	-	97,460	97,460
Insurance	61,348	16,324	18,474	96,146
Dues and subscriptions	36,804	-	20,876	57,680
Seminars, training and workshops	19,064	5,073	5,741	29,878
Telephone	20,300	5,402	6,112	31,814
Accounting and auditing	20,801	5,535	6,264	32,600
Travel and meetings	21,676	5,768	6,527	33,971
Miscellaneous	2,650	-	1,426	4,076
	<u>\$ 59,356,756</u>	<u>\$ 679,885</u>	<u>\$ 1,161,567</u>	<u>\$ 61,198,208</u>

**Central California Food Bank and Subsidiary**  
**Consolidated Statement of Cash Flows**  
**Year Ended June 30, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 3,007,980
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	176,050
Gain on disposal of assets	(2,800)
Contributed commodities	(50,448,136)
Distribution of contributed commodities	51,116,904
Contributed commodities - grants	(2,798,717)
Distribution of contributed commodities - grants	3,024,291
Interest and dividend income	12,136
Change in operating assets and liabilities:	
Receivables	(1,201,017)
Inventory	168,190
Prepaid expenses	39,936
Restricted cash	(1,906,219)
Accounts payable	(34,000)
Accrued expenses	(2,547)
Deferred revenue	50,000
	1,202,051
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments in mutual funds	(47,865)
Proceeds from sales of investments in mutual funds	940,802
Purchase of property and equipment	(107,492)
Proceed from sales of property and equipment	2,800
Issuance of loan receivable	(5,951,440)
	(5,163,195)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on notes payable	(4,153)
Borrowings on notes payable	4,549,449
	4,545,296
	584,152
CASH AND CASH EQUIVALENTS, beginning of year	157,044
CASH AND CASH EQUIVALENTS, end of year	\$ 741,196
<b>SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION</b>	
Cash paid during the year for interest	\$ 1,349
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>	
Property and equipment acquired through issuance of notes payable	\$ 6,947,001

# Central California Food Bank and Subsidiary

## Notes to Financial Statements

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### NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of activities** – Central California Food Bank is a California nonprofit corporation established to conduct a program that provides food pantries and agencies of Fresno, Madera, Tulare, Kern, and Kings Counties with an organizational resource whose volume purchasing, warehousing, and food product management capacity efficiently and effectively deliver food and goods.

Food and commodities are donated by the general public and government agencies. Revenues are primarily derived from fundraising, direct mail campaigns, grants, and contributions.

Central California Food Bank is affiliated with the national network of food banks known as Feeding America.

CCFB Real Estate, Inc. is a California nonprofit corporation established in May 2018 for the purpose of performing the charitable functions of Central California Food Bank and to complete the New Markets Tax Credit (NMTC) financing to purchase office and warehouse facilities located at 4010 East Amendola Drive, Fresno, California.

**Principles of consolidation** – The financial statements include the accounts for Central California Food Bank (CCFB), and CCFB Real Estate, Inc. (CCFB RE), (collectively the Organization) and have been consolidated in accordance with accounting principles generally accepted in the United States of America. The financial statements of the entities are consolidated because they are under common control and resources are shared between entities. All material intercompany transactions and balances have been eliminated.

A portion of the proceeds from the NCCLF A Loan and the NCCLF B Loan were used by CCFB RE to acquire the CCFB RE Property. The balance of the funds is being used by CCFB RE to renovate and improve the CCFB RE Property.

**Basis of presentation** – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

*Unrestricted net assets* – These are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Temporarily restricted net assets* – These are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as temporarily restricted net assets if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when assets are placed in service.

## Central California Food Bank and Subsidiary Notes to Financial Statements

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When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

*Permanently restricted net assets* – These are resources the use of which is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. At June 30, 2018, the Organization did not have any permanently restricted net assets.

**Method of accounting** – The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. The Organization's method of valuation for commodities donated from the general public is considered a significant estimate.

**Cash and cash equivalents** – For purposes of reporting the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Fair value of financial instruments** – The carrying values of cash and cash equivalents, promises to give and other receivables, inventory, and prepaid expenses, approximate fair value because of the terms and relative short maturity.

**Investment in mutual funds** – Investments in mutual funds consist of two open-end mutual funds and are carried at fair value. These investments are covered by the Securities Investor Protection Corporation up to \$500,000 (including \$100,000 of cash). Investment income and unrealized gains and losses are included in the change in net assets.

**Restricted cash** – Restricted cash is maintained in bank controlled accounts for contingency and fee reserves specifically related for the NMTC transaction.

**Accounts, pledges and grants receivable** – Accounts receivable consist primarily of shared maintenance fees charged to agencies. Receivables are written off through an allowance for doubtful accounts when the Organization determines the payments will not be received. There was not an allowance for doubtful accounts at June 30, 2018. All accounts receivable are noninterest bearing.

Grants receivable consist of amounts due from funding sources for services performed under cost reimbursement grants or contracts. Grants receivable are considered fully collectible and, therefore, no allowance for doubtful accounts has been reported.

**Loan receivable** – Loan receivable is stated at the unpaid principal balance less an allowance for note losses. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experience, adverse situations that may affect the borrower's ability to repay and current economic conditions. There was no allowance recorded at June 30, 2018.

## Central California Food Bank and Subsidiary

### Notes to Financial Statements

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Interest on the loan is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Loans are placed on nonaccrual when management believes that the loans are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income generally is not recognized on impaired loans unless the likelihood of further loss is remote. Interest payments received on impaired loans are applied as a reduction of the loan principal balances.

**Concentration of credit risk** – The Organization maintains cash balances in financial institutions. Noninterest bearing accounts are aggregated with interest bearing accounts and are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2018, uninsured cash balances totaled \$2,010,411.

**Contributions and promises to give** – Unconditional contributions, including promises to give at estimated net realizable value, are recognized as revenue in the period received.

**Donated goods and services** – The Organization reports the fair value of donated commodities over which it has control as unrestricted public support and, shortly thereafter, as expense when distributed. During the year ended June 30, 2018, the Organization received approximately 30.57 million pounds and distributed approximately 27.31 million pounds. The approximate average wholesale value of one pound of donated product was determined to be \$1.68 based upon a product valuation study performed by Feeding America. The dollar amount of the received and distributed pounds is approximately \$51,360,000 and \$45,880,000 respectively, and is reported in the consolidated statement of activities.

Contributions of noncash assets are utilized by the Organization in providing services and are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A number of unpaid volunteers have made significant contributions of their time to the Organization. However, the values of these services are not reflected in these financial statements since the recognition criteria was not met.

**Advertising costs** – Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. Advertising costs were \$18,299 during the year ended June 30, 2018.

**Exchange transactions** – Revenues earned from contracts and grants with State and Federal agencies are considered to be exchange transactions. Revenue from exchange transactions are reported gross of any related expense in the accompanying consolidated financial statements.

**Functional expenses** – The costs of providing the Organization's food programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Indirect or shared costs are allocated among program, support services and fundraising by a method that measures the relative degree of benefit, such as hours worked. Accordingly, certain costs have been allocated to program, supporting services, and fundraising benefited.

**Fundraising expenses** – Fundraising expenses are expensed as incurred. Revenue from fundraising events is recognized in the period in which the event takes place.

## Central California Food Bank and Subsidiary Notes to Financial Statements

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**Property and equipment** – It is the Organization’s policy to capitalize property and equipment over \$2,500. Purchased property and equipment is capitalized at cost, donated property and equipment is recorded at fair value. Contributions of property and equipment are recorded as unrestricted support, unless the donor stipulates how long the assets must be used. Expenditures that increase the life of the related assets are capitalized. Repairs and maintenance, including planned major maintenance activities, are charged to operations when incurred. Leasehold improvements are depreciated over the lesser of the remaining lease agreement or the estimated useful life. Depreciation is computed using the straight-line method over the following estimated useful lives:

Furnishings, equipment, and vehicles	3 – 10 years
Leasehold improvements	5 – 39 years

**Long-lived assets** – Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment losses were recognized during the year ended June 30, 2018.

**Income taxes** – Central California Food Bank is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code (IRC) and section 23701(d) of the State of California Corporate Code.

CCFB Real Estate, Inc. has applied for tax exemption under section 501(c)(3) of the Internal Revenue Code (IRC) and section 23701(d) of the State of California Corporate Code.

**Uncertain tax positions** – The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its consolidated financial statements include any uncertain tax positions.

**Inventory** – Inventory consists of donated food and nonfood items, purchased food, and commodities received from the United States Department of Agriculture (USDA) and California Department of Social Services (CDSS). The USDA, as passed through the CDSS, contributes commodities to the Organization. USDA commodities are valued based on published USDA prices. CDSS provides additional food assistance to communities with high levels of unemployment due to the drought. The Drought Food Assistance Program (DFAP) was established and those commodities are valued based on estimated CDSS prices.

Donated inventory is valued based on a product valuation survey conducted for Feeding America.

Purchased food is valued at the latest purchase price.

# Central California Food Bank and Subsidiary

## Notes to Financial Statements

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**Subsequent events** – Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after the consolidated statement of financial position date and before the consolidated financial statements are issued. The Organization has evaluated subsequent events through November 29, 2018, which is the date the consolidated financial statements were available to be issued.

### NOTE 2 – INVESTMENTS IN MUTUAL FUNDS

Investments in mutual funds carried at fair value consisted of the following at June 30, 2018:

Mutual funds:		
Lord Abbett Short Duration Income Fund	\$	72,102
Eaton Vance Low Duration Fund		151,257
		<u>223,359</u>
	\$	<u>223,359</u>

During the year ended June 30, 2018, interest and dividend income was \$12,390.

### NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization’s investments are reported at fair value in the accompanying consolidated statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2018:

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income funds	\$ 223,359	\$ -	\$ -	\$ 223,359
Total assets at fair value	<u>\$ 223,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,359</u>

# Central California Food Bank and Subsidiary

## Notes to Financial Statements

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The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were available to the Organization.

**Level 1 fair value measurements** – The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year-end on the active market where the funds are traded.

### NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2018:

Pledges receivable in less than one year	\$ 1,416,608
Pledges receivable in one to five years	<u>150,000</u>
	<u>\$ 1,566,608</u>

During the year ended June 30, 2018, donors pledged contributions towards the acquisition of new office and warehouse facilities (see Note 8). No discount to net present value was considered necessary as the majority of pledges were collected in the subsequent year and net realizable value is considered a reasonable estimate of fair value.

# Central California Food Bank and Subsidiary

## Notes to Financial Statements

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### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018:

Construction in progress	\$	251,004
Building		6,341,978
Vehicles		1,024,487
Equipment		560,874
Office equipment and furnishings		268,914
Leasehold improvements		561,073
Acquisition costs		<u>321,975</u>
		9,330,305
Less: accumulated depreciation		<u>(1,729,085)</u>
	\$	<u><u>7,601,220</u></u>

Construction in progress consists of leasehold improvements to cold storage equipment. Once the project is completed, the costs are reclassified to the appropriate asset class and depreciated over the estimated useful life.

Depreciation expense for the year ended June 30, 2018 was \$176,050.

### NOTE 6 – INVENTORY

The Organization's inventory as of June 30, 2018, consisted of the following:

Donated commodities	\$	1,856,297
USDA/CDSS commodities		518,333
Purchased commodities		<u>123,318</u>
	\$	<u><u>2,497,948</u></u>

### NOTE 7 – LOAN RECEIVABLE

On June 28, 2018, the Organization made a loan to Chase NMTC CFB Investment Fund, LLC (Investment Fund) in the amount of \$5,951,440 (Leverage Loan). Security for the Leverage Loan is the membership interest in the Investment Fund.

Interest on the Leverage Loan earns a per annum rate of 1%, with interest only payments commencing in September 2018, and quarterly thereafter until September 2026. Principal and interest payments begin in December 2026, and quarterly thereafter. The Leverage Loan matures September 2036.

## Central California Food Bank and Subsidiary Notes to Financial Statements

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### NOTE 8 – NEW MARKET TAX CREDITS

In June 2018, the Organization arranged New Market Tax Credit (NMTC) financing as partial funding for the purchase of office and warehouse facilities located at 4010 East Amendola Drive, Fresno, California (CCFB RE Property).

NMTC is a program of the Community Development Financial Institutions Funds (CDFI), a division of the U.S. Department of the Treasury. Under the NMTC program, banks and other qualifying institutions make qualified equity investments (QEI) in Community Development Entities (CDEs) that have been certified and granted allocations by the CDFI of federal income tax credits. The funds provided by these investors are used as a means of providing favorable debt or equity financing to qualified borrowers in connection with qualifying projects located in low-income communities. The QEI cannot be redeemed for a minimum of seven years (Compliance Period), during which time substantially all of the QEI must be invested in qualified low income community investments, the majority of which take the form of investments in borrowers that must maintain their status as a qualified active low income business, as specified in the Treasury Regulations.

In connection with the purchase of the CCFB RE , Northern California Community Loan Fund (NCCLF) NMTC Sub-CDE 18, LLC, a single purpose CDE certified by the CDFI, made a promissory note in the amount of \$5,951,440 (NCCLF A Loan) and a promissory note in the amount of \$2,584,560 (NCCLF B Loan) to CCFB RE. Both the NCCLF A Loan and the NCCLF B Loan are secured by trust deeds on the CCFB RE property.

Funding for the NCCLF Loans was provided by a \$8,800,000 QEI made by Chase NMTC CFB Investment Fund, LLC (Chase Fund) to NCCLF CDE. Chase Fund obtained the funds to make the QEI via a \$5,951,440 leverage loan by Central California Food Bank (Note 6) and funding provided via a net equity investment, in the amount of \$2,848,560 by a tax credit investor.

# Central California Food Bank and Subsidiary

## Notes to Financial Statements

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### NOTE 9 – NOTES PAYABLE

Notes payable consisted of the following at June 30, 2018:

Note payable to NCCLF NMTC Sub-CDE 18, LLC, payable in quarterly interest only payments for the compliance period starting September 2018, through December 2026, after which, quarterly principle and interest payments of \$110,365 are due beginning March 2027, including a fixed interest rate of 1.219% through maturity, maturing September 2041, secured by the Organization's land, building, and equipment.	\$ 5,951,440
Note payable to NCCLF NMTC Sub-CDE 18, LLC, payable in quarterly interest only payments for the compliance period starting September 2018, through December 2026, after which, quarterly principle and interest payments of \$47,929 are due beginning March 2027, including a fixed interest rate of 1.219% through maturity, maturing September 2041, secured by the Organization's land, building, and equipment.	2,584,560
Note payable to Northern California Community Loan Fund, payable in monthly interest only payments starting August 2018, through July 2021, after which, monthly principle and interest payments of \$13,547 are due beginning August 2021, including a fixed interest rate of 5.50% through maturity, maturing January 2026, secured by the Organization's land, building, and equipment.	2,955,697
Note payable to CIT Bank N.A., payable in monthly principle and interest payments of \$764, including a fixed interest rate of 6.75% through maturity, maturing November 2021, secured by underlying equipment.	27,891
	<u>11,519,588</u>
Less current portion	<u>(7,510)</u>
Notes payable, net of current portion	<u>\$ 11,512,078</u>

Annual maturities of notes payable as of June 30, 2018, are as follows:

<u>Year ending June 30,</u>	
2019	\$ 7,510
2020	8,033
2021	8,593
2022	536,968
2023	613,107
Thereafter	<u>10,345,377</u>
	<u>\$ 11,519,588</u>

**Debt issuance costs** – The Organization, in accordance with FASB ASC 835-30, presents debt issuance costs as a reduction of the carrying amount of the debt rather than an asset. Amortization of the debt issuance costs is reported as interest expense in the consolidated statement of activities.

## Central California Food Bank and Subsidiary Notes to Financial Statements

Notes payable at June 30, 2018, was presented in the consolidated statement of financial position as follows:

Notes payable	\$ 11,519,588
Less unamortized debt issuance costs	<u>(59,335)</u>
Notes payable, less unamortized debt issuance costs	11,460,253
Less current portion	<u>(7,510)</u>
Notes payable, net of current portion	<u><u>\$ 11,452,743</u></u>

### NOTE 10 – GRANT REVENUE

Grant revenue is recognized when expenditures are incurred in accordance with the applicable grant agreements. The Organization also receives commodities from the USDA and CDSS. Revenues for these contributions are recognized when the commodities are received. Grant revenue for the year ended June 30, 2018, consisted of the following:

Agency or Organization	
Federal grants	
USDA – commodities, distributed	\$ 2,657,554
USDA – beginning inventory	(734,637)
USDA – ending inventory	<u>516,512</u>
USDA – commodities, received	2,436,796
USDA – cost reimbursements	234,023
Department of Homeland Security	154,560
California Nutrition Network	<u>43,374</u>
	2,868,753
Nonfederal grants	
CDSS	361,921
Administrative cost reimbursements	308,840
California Nutrition Network	<u>50,340</u>
	<u>721,101</u>
	<u><u>\$ 3,589,854</u></u>

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. There are no pending audit adjustments from grantor agencies at this time.

# Central California Food Bank and Subsidiary

## Notes to Financial Statements

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### NOTE 11 – FUNDRAISING AND DIRECT MAIL CAMPAIGNS

The Organization conducts various fundraising events and direct mail campaigns. Revenue from fundraising and direct mail campaigns for the year ended June 30, 2018, is as follows:

<u>Event or Campaign</u>	
Cultivation and acquisition mailings	\$ 877,340
Various	<u>457,303</u>
	<u>\$ 1,334,643</u>

### NOTE 12 – EMPLOYEE RETIREMENT PROGRAM

The Organization has a defined contribution retirement plan. Eligibility is based upon age and service requirements. Participants of the plan are allowed to make before-tax contributions and the Organization may make additional contributions to the plan on the participants' behalf. Retirement expense for the year ended June 30, 2018, was \$56,415.

### NOTE 13 – LEASE COMMITMENTS

The Organization leases office and warehouse space and office equipment under operating leases, which require certain minimum monthly rental payments. All leases are on month-to-month terms, with the exception of one lease that expires September 2018. The future annual minimum rental payments as of June 30, 2018, are \$38,926. Total rent expense included in the consolidated statement of functional expenses for the year ended June 30, 2018, was \$361,114.

In connection with the NMTC, CCFB entered into an agreement for leased property including a building and equipment, from CCFB RE for the purpose of housing their operations. The lease calls for quarterly payments beginning December 1, 2018 through September 1, 2041. The future annual minimum lease payments under the lease are \$85,000 for each of the years ending June 30, 2019 through 2025. The future annual minimum lease payments escalate to \$545,000 starting the year ending June 30, 2026, and increase approximately \$20,000 each year thereafter, through 2035. The future annual minimum lease payments escalate to \$735,000 starting the year ending June 30, 2036 through 2041.

## **Supplementary Information**

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**Central California Food Bank and Subsidiary**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA #	Pass-through Entity Identifying #	Federal Expenditures
Food Distribution Cluster			
U.S. Department of Agriculture			
Passed through California State Department of Social Services:			
Emergency Food Assistance Program – administrative costs	10.568	15-MOU-00114	\$ 234,023
Emergency Food Assistance Program – commodities	10.569	15-MOU-00114	<u>2,657,554</u>
Total Food Distribution Cluster			2,891,577
SNAP Cluster			
U.S. Department of Agriculture			
Passed through California Association of Food Banks:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
	10.561	16-SUB-00965	<u>154,560</u>
Total U.S. Department of Agriculture			3,046,137
Other Programs			
U.S. Department of Homeland Security			
Direct Award:			
Emergency Food and Shelter National Board Program	97.024	Phase 34 & 35	<u>43,374</u>
Total U.S. Department of Homeland Security			<u>43,374</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,089,511</u></u>

**Central California Food Bank and Subsidiary**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation** – The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Central California Food Bank (the Organization) reported on the accrual basis of accounting for the year ended June 30, 2018. 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 Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

**Program costs** – The Organization's 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.

**Subrecipients** – The Organization does not pass through funds to subrecipients.

**Indirect costs** – The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## **Single Audit Reports**

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## **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***

To the Board of Directors  
Central California Food Bank and Subsidiary

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Central California Food Bank and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 29, 2018.

### **Internal Control Over Financial Reporting**

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Central California Food Bank and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 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 result of that testing, and not to provide an opinion on the effectiveness of the Central California Food Bank and Subsidiary'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 Central California Food Bank and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be 'M. Allen' followed by a stylized flourish.

Fresno, California  
November 29, 2018

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

To the Board of Directors  
Central California Food Bank and Subsidiary

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

We have audited Central California Food Bank and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Central California Food Bank and Subsidiary's major federal program for the year ended June 30, 2018. Central California Food Bank and Subsidiary's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

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

In our opinion, Central California Food Bank and Subsidiary 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, 2018.

### **Report on Internal Control Over Compliance**

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

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

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

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



Fresno, California  
November 29, 2018

**Central California Food Bank and Subsidiary**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2018**

**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 GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

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

Yes  No

**Identification of Major Federal Program**

<i>CFDA Number</i>	<i>Name of Federal Program/Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Program</i>
10.568 & 10.569	U.S. Department of Agriculture - Emergency Food Assistance Program - Food Distribution Cluster	Unmodified

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.



## Summary Schedule of Prior Audit Findings June 30, 2018

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### **Finding 2017-001 - Donated commodities were not reconciled or properly valued (material weakness in internal control over financial reporting).**

*Criteria* - A reconciliation of the receipts, distributions, and ending inventory of donated commodities is performed and reviewed and approved by management on a monthly basis. At year end, donated commodities are revalued at the new rate as reported by Feeding America.

*Condition* - The receipt and distribution of donated inventory was not accurately reconciled to the general ledger. In addition, management was unaware of the requirement to revalue donated inventory at year end.

*Status* - The Organization accurately reconciled the receipt and distribution of donated inventory to the general ledger and properly revalued donated inventory at year end.

### **Finding 2017-002 - Internal control procedures not properly implemented over payroll cycle (material weakness in internal control over financial reporting).**

*Criteria* - Time cards are approved by an appropriate manager prior to payroll being entered. A reconciliation of hours paid, expenses incurred, and subsequent entry into the general ledger is performed, reviewed, and approved by management.

*Condition* - An employee was approving their own time card and payroll reconciliations were not being performed accurately.

*Status* - Payroll reconciliations were accurately performed during the year and there were no instances of self approval noted.

### **Finding 2017-003 - Monthly subsidiary ledger reconciliations are not being consistently performed (material weakness in internal control over financial reporting).**

*Criteria* - A reconciliation of all subsidiary ledgers is performed, reviewed, and approved by management on a monthly basis.

*Condition* - Monthly reconciliations were not being performed for all subsidiary ledgers, resulting in errors in financial reporting.

*Status* - Monthly reconciliations were performed for all subsidiary ledgers during the year.

## Summary Schedule of Prior Audit Findings June 30, 2018

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**Finding 2017-004 - Recognition of expenses in an improper period (significant deficiency in internal control over financial reporting).**

*Criteria* - In accordance with the accrual basis of accounting, expenses are accrued in the period the good or service is provided.

*Condition* - Expenses were not properly accrued in the period the good or service was provided.

*Status* - Expenses were recorded in the proper period during the year.

**Finding 2017-005 - Improper capitalization of a period cost (significant deficiency in internal control over financial reporting).**

*Criteria* - In accordance with generally accepted accounting principles, expenses related to repairs and maintenance should be expensed as incurred.

*Condition* - Expenses related to repairs and maintenance were improperly capitalized.

*Status* - Management properly recorded expenses in accordance with capitalization policy.

**Finding 2017-006 - Lack of segregation of duties in the manual journal entry process (material weakness in internal control over financial reporting).**

*Criteria* - All manual journal entries are reviewed and approved by an individual above the person preparing the entry.

*Condition* - Manual journal entries were not reviewed and approved by a separate individual from the one preparing the entry.

*Status* - Manual journal entries were reviewed and approved during the year.

**Finding 2017-007 - Special tests and provisions (significant deficiency in internal control over compliance)**

*Criteria* - The Food Distribution Cluster Regulation 7 CFR section 250.19(a) states accurate and complete records must be maintained with respect to the receipt, distribution/use, and inventory of USDA foods.

*Condition* - Accurate records were not maintained with respect to the receipt, distribution/use, and inventory of USDA foods.

*Status* - Accurate records were maintained with respect to the receipt, distribution/use, and inventory of USDA foods.

## **Other Information**

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**Central California Food Bank and Subsidiary**  
**Consolidating Statement of Financial Position**  
**June 30, 2018**

	Central California Food Bank	CCFB Real Estate, Inc.	Eliminations	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 741,196	\$ -	\$ -	\$ 741,196
Investments in mutual funds – at fair value	223,359	-	-	223,359
Investment in subsidiary	284,922	-	(284,922)	-
Accounts receivable	98,452	-	-	98,452
Grants receivable	222,388	-	-	222,388
Current portion of pledges receivable	1,416,608	-	-	1,416,608
Inventory	2,497,948	-	-	2,497,948
Prepaid expenses	64,888	-	-	64,888
Restricted cash	-	1,906,219	-	1,906,219
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	5,549,761	1,906,219	(284,922)	7,171,058
PROPERTY AND EQUIPMENT, net	686,263	6,914,957	-	7,601,220
<b>OTHER ASSETS</b>				
Deposits	21,786	-	-	21,786
Loan receivable	5,951,440	-	-	5,951,440
Pledges receivable, net of current portion	150,000	-	-	150,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total other assets	6,123,226	-	-	6,123,226
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 12,359,250</u>	<u>\$ 8,821,176</u>	<u>\$ (284,922)</u>	<u>\$ 20,895,504</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 373,503	\$ -	\$ -	\$ 373,503
Accrued payroll and related expenses	214,426	-	-	214,426
Deferred revenue	50,000	-	-	50,000
Current portion of notes payable	7,510	-	-	7,510
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	645,439	-	-	645,439
NOTES PAYABLE, net of current portion	2,916,743	8,536,000	-	11,452,743
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	3,562,182	8,536,000	-	12,098,182
<b>NET ASSETS</b>				
Unrestricted	8,503,397	285,176	(284,922)	8,503,651
Temporarily restricted	293,671	-	-	293,671
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	8,797,068	285,176	(284,922)	8,797,322
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 12,359,250</u>	<u>\$ 8,821,176</u>	<u>\$ (284,922)</u>	<u>\$ 20,895,504</u>

**Central California Food Bank and Subsidiary**  
**Consolidating Statement of Activities**  
**Year Ended June 30, 2018**

	Central California Food Bank	CCFB Real Estate, Inc.	Eliminations	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Contributions – commodities	\$ 51,356,210	\$ -	\$ -	\$ 51,356,210
Grants – commodities	2,798,717	-	-	2,798,717
Grants – operations and administrative	791,137	-	-	791,137
Contributions – other	6,523,835	-	-	6,523,835
Fundraising and direct mail campaigns	1,334,643	-	-	1,334,643
Agency fees and charges	1,008,586	-	-	1,008,586
Net assets released from restriction	469,123	-	-	469,123
Gain on sale of assets	2,800	-	-	2,800
Interest and dividend income	12,136	254	-	12,390
	<u>64,297,187</u>	<u>254</u>	<u>-</u>	<u>64,297,441</u>
<b>EXPENSES</b>				
Program services	59,356,756	-	-	59,356,756
Supporting services				
Management and general	679,885	-	-	679,885
Fundraising	1,161,567	-	-	1,161,567
	<u>61,198,208</u>	<u>-</u>	<u>-</u>	<u>61,198,208</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>3,098,979</u>	<u>254</u>	<u>-</u>	<u>3,099,233</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Food purchases	301,370	-	-	301,370
Related programs	76,500	-	-	76,500
Restrictions satisfied by payment of related expenses	(469,123)	-	-	(469,123)
	<u>(91,253)</u>	<u>-</u>	<u>-</u>	<u>(91,253)</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(91,253)</u>	<u>-</u>	<u>-</u>	<u>(91,253)</u>
<b>CHANGE IN NET ASSETS</b>	<u>3,007,726</u>	<u>254</u>	<u>-</u>	<u>3,007,980</u>
<b>NET ASSETS, beginning of year</b>	5,789,342	-	-	5,789,342
Capital contribution, CCFB Real Estate, Inc.	-	284,922	(284,922)	-
	<u>5,789,342</u>	<u>284,922</u>	<u>(284,922)</u>	<u>5,789,342</u>
<b>NET ASSETS, end of year</b>	<u>\$ 8,797,068</u>	<u>\$ 285,176</u>	<u>\$ (284,922)</u>	<u>\$ 8,797,322</u>

**Central California Food Bank and Subsidiary**  
**Consolidating Statement of Cash Flows**  
**Year Ended June 30, 2018**

	Central California Food Bank	CCFB Real Estate, Inc.	Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets	\$ 3,007,726	\$ 254	\$ -	\$ 3,007,980
Adjustments to reconcile change in net assets to net cash from operating activities:				
Depreciation	176,050	-	-	176,050
Gain on disposal of assets	(2,800)	-	-	(2,800)
Contributed commodities	(50,448,136)	-	-	(50,448,136)
Distribution of contributed commodities	51,116,904	-	-	51,116,904
Contributed commodities - grants	(2,798,717)	-	-	(2,798,717)
Distribution of contributed commodities - grants	3,024,291	-	-	3,024,291
Interest and dividend income	12,136	-	-	12,136
Change in operating assets and liabilities:				
Receivables	(1,201,017)	-	-	(1,201,017)
Inventory	168,190	-	-	168,190
Prepaid expenses	39,936	-	-	39,936
Investment in subsidiary	(284,922)	-	284,922	-
Restricted cash	-	(1,906,219)	-	(1,906,219)
Accounts payable	(34,000)	-	-	(34,000)
Accrued expenses	(2,547)	-	-	(2,547)
Deferred revenue	50,000	-	-	50,000
Net cash from operating activities	<u>2,823,094</u>	<u>(1,905,965)</u>	<u>284,922</u>	<u>1,202,051</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments in mutual funds	(47,865)	-	-	(47,865)
Proceeds from sales of investments in mutual funds	940,802	-	-	940,802
Purchase of property and equipment	(107,492)	-	-	(107,492)
Proceed from sales of property and equipment	2,800	-	-	2,800
Issuance of loan receivable	(5,951,440)	-	-	(5,951,440)
Net cash from investing activities	<u>(5,163,195)</u>	<u>-</u>	<u>-</u>	<u>(5,163,195)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments on notes payable	(4,153)	-	-	(4,153)
Borrowings on notes payable	2,928,406	1,621,043	-	4,549,449
Capital contribution in CCFB Real Estate, Inc.	-	284,922	(284,922)	-
Net cash from financing activities	<u>2,924,253</u>	<u>1,905,965</u>	<u>(284,922)</u>	<u>4,545,296</u>
Net change in cash and cash equivalents	584,152	-	-	584,152
CASH AND CASH EQUIVALENTS, beginning of year	157,044	-	-	157,044
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 741,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741,196</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Cash paid during the year for interest	\$ 1,349	\$ -	\$ -	\$ 1,349
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>				
Equipment acquired through issuance of notes payable	\$ 6,947,001	\$ -	\$ -	\$ 6,947,001

