

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK  
A NONPROFIT ORGANIZATION  
CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK  
A NONPROFIT ORGANIZATION**

	Pages
I. Index	1
II. Independent auditor's report	2 - 3
III. Consolidated statements of financial position	4
IV. Consolidated statements of activities	5 - 6
V. Consolidated statements of functional expenses	7 - 8
VI. Consolidated statements of cash flows	9
VII. Notes to the consolidated financial statements	10 - 27

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Jacobs & Cushman San Diego Food Bank

**Opinion**

We have audited the accompanying consolidated financial statements of Jacobs & Cushman San Diego Food Bank (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jacobs & Cushman San Diego Food Bank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

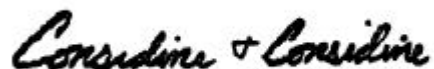
## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 combined 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 Jacobs & Cushman San Diego Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jacobs & Cushman San Diego Food Bank's ability to continue as a going concern for a reasonable period of time.

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



CONSIDINE & CONSIDINE  
An Accountancy Corporation

March 18, 2024

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

Page 4

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 928,483	\$ 735,421
Certificates of deposit	5,429,033	839,000
Investments (note 7)	48,205,332	35,951,088
Grants and contracts receivable (note 3)	3,524,736	2,090,059
Contributions receivable (note 4)	418,341	8,175,653
Inventory (note 5)	6,849,569	6,922,056
Prepaid expenses and other current assets	379,990	748,132
	65,735,484	55,461,409
PROPERTY AND EQUIPMENT (note 6)	15,076,487	15,613,482
NONCURRENT ASSETS		
Certificates of deposit	1,658,000	2,331,003
Operating right-of-use asset (note 18)	2,352,127	-
Other assets	67,776	88,715
	4,077,903	2,419,718
TOTAL ASSETS	84,889,874	73,494,609
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 9)	1,748,326	2,035,036
Customer advances	105,875	126,817
Deferred revenue	140,242	638,834
Operating lease liability - current (note 18)	1,009,138	-
	3,003,581	2,800,687
LONG-TERM LIABILITIES		
Operating lease liability (note 18)	1,412,807	-
TOTAL LIABILITIES	4,416,388	2,800,687
NET ASSETS		
Without donor restrictions (note 11)	79,787,468	69,116,831
With donor restrictions (note 12)	686,018	1,577,091
TOTAL NET ASSETS	80,473,486	70,693,922
TOTAL LIABILITIES AND NET ASSETS	\$ 84,889,874	\$ 73,494,609

See accompanying notes

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Page 5

	Without donor Restrictions	With donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributed food and commodities (note 14)	\$ 62,584,986	\$ -	\$ 62,584,986
Contributions	16,711,562	2,313,811	19,025,373
Government contracts	12,909,657	-	12,909,657
Shared maintenance fees	435,000	-	435,000
In-kind contributions (note 14)	498,725	-	498,725
Investment income (note 7)	6,117,304	-	6,117,304
Other income (note 15)	472,923	-	472,923
	99,730,157	2,313,811	102,043,968
Special events (note 16)			
Special events revenue	1,650,228	-	1,650,228
Direct benefits to donors	(270,800)	-	(270,800)
	1,379,428	-	1,379,428
Revenue released from restriction	3,204,884	(3,204,884)	-
<b>TOTAL REVENUE</b>	<b>104,314,469</b>	<b>(891,073)</b>	<b>103,423,396</b>
<b>EXPENSES</b>			
Program services:			
Government programs	24,505,667	-	24,505,667
Non-Government programs	63,200,067	-	63,200,067
Total program services	87,705,734	-	87,705,734
Supporting services:			
Management and general	1,374,963	-	1,374,963
Fundraising	4,563,135	-	4,563,135
Total supporting services	5,938,098	-	5,938,098
	93,643,832	-	93,643,832
<b>CHANGE IN NET ASSETS</b>	<b>10,670,637</b>	<b>(891,073)</b>	<b>9,779,564</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>69,116,831</b>	<b>1,577,091</b>	<b>70,693,922</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 79,787,468</b>	<b>\$ 686,018</b>	<b>\$ 80,473,486</b>

See accompanying notes

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Page 6

	Without donor Restrictions	With donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributed food and commodities (note 14)	\$ 57,403,561	\$ -	\$ 57,403,561
Contributions	28,536,762	1,614,454	30,151,216
Government contracts	6,327,592	-	6,327,592
Shared maintenance fees	352,129	-	352,129
In-kind contributions	209,610	-	209,610
Investment income/(loss) (note 7)	(3,306,459)	-	(3,306,459)
Other income	84,931	-	84,931
	89,608,126	1,614,454	91,222,580
Special events (note 16)			
Special events revenue	1,173,311	-	1,173,311
Direct benefits to donors	(197,319)	-	(197,319)
	975,992	-	975,992
Revenue released from restriction	2,095,972	(2,095,972)	-
<b>TOTAL REVENUE</b>	<b>92,680,090</b>	<b>(481,518)</b>	<b>92,198,572</b>
<b>EXPENSES</b>			
Program services:			
Government programs	23,336,695	-	23,336,695
Non-Government programs	51,584,088	-	51,584,088
Total program services	74,920,783	-	74,920,783
Supporting services:			
Management and general	1,993,631	-	1,993,631
Fundraising	3,661,396	-	3,661,396
Total supporting services	5,655,027	-	5,655,027
	80,575,810	-	80,575,810
<b>CHANGE IN NET ASSETS</b>	<b>12,104,280</b>	<b>(481,518)</b>	<b>11,622,762</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>57,012,551</b>	<b>2,058,609</b>	<b>59,071,160</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 69,116,831</b>	<b>\$ 1,577,091</b>	<b>\$ 70,693,922</b>

See accompanying notes

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services			Supporting Services			Total
	Government Programs	Non- Government Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Administrative support	\$ 15,830	\$ 558	\$ 16,388	\$ 4,637	\$ 129	\$ 4,766	\$ 21,154
Bank charges	-	5,106	5,106	27,764	178,044	205,808	210,914
Contract services	122,729	244,608	367,337	183,239	295,774	479,013	846,350
Depreciation and amortization	416,741	656,684	1,073,425	88,400	101,028	189,428	1,262,853
Direct mail and marketing	265	86,427	86,692	566	2,283,712	2,284,278	2,370,970
Dues and subscriptions	1,574	31,319	32,893	23,281	24,548	47,829	80,722
Equipment rental	40,234	37,508	77,742	4,258	223,374	227,632	305,374
Food acquisition and distribution	21,174,388	56,634,226	77,808,614	7,028	19	7,047	77,815,661
Grants awarded	-	308,000	308,000	-	-	-	308,000
Insurance	13,484	21,873	35,357	29,889	3,338	33,227	68,584
Meeting expenses	2,365	4,737	7,102	14,638	2,800	17,438	24,540
Miscellaneous expenses	-	211	211	-	-	-	211
Personnel expenses	1,992,485	3,245,976	5,238,461	885,678	1,272,215	2,157,893	7,396,354
Printing and mailing	19,822	30,586	50,408	4,067	76,957	81,024	131,432
Repairs and maintenance	79,944	234,933	314,877	50,689	51,606	102,295	417,172
Supplies and giftcards	45,813	693,207	739,020	11,010	263,957	274,967	1,013,987
Telephone	14,833	37,595	52,428	4,818	2,950	7,768	60,196
Travel	11,371	16,551	27,922	8,423	27,493	35,916	63,838
Warehouse expenses	553,789	909,962	1,463,751	26,578	25,991	52,569	1,516,320
	24,505,667	63,200,067	87,705,734	1,374,963	4,833,935	6,208,898	93,914,632
Less: Direct benefits to donors at special events included in revenue	-	-	-	-	(270,800)	(270,800)	(270,800)
Total expenses included in the expense section of the statement of activities	\$ 24,505,667	\$ 63,200,067	\$ 87,705,734	\$ 1,374,963	\$ 4,563,135	\$ 5,938,098	\$ 93,643,832

See accompanying notes



**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services			Total
	Government Programs	Non- Government Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Administrative support	\$ 483	\$ 457	\$ 940	\$ 3,007	\$ -	\$ 3,007	\$ 3,947
Bad debt expense	-	-	-	497,000	-	497,000	497,000
Bank charges	-	4,367	4,367	35,306	207,259	242,565	246,932
Contract services	122,003	131,920	253,923	275,073	328,579	603,652	857,575
Depreciation and amortization	405,252	638,579	1,043,831	85,963	98,243	184,206	1,228,037
Direct mail and marketing	150	4,378	4,528	5,170	1,918,122	1,923,292	1,927,820
Dues and subscriptions	3,878	17,988	21,866	15,456	15,202	30,658	52,524
Equipment rental	39,721	38,489	78,210	4,543	105,416	109,959	188,169
Food acquisition and distribution	20,195,488	46,405,701	66,601,189	13,045	1,141	14,186	66,615,375
Insurance	14,450	21,704	36,154	26,730	3,403	30,133	66,287
Meeting expenses	773	1,477	2,250	7,386	2,509	9,895	12,145
Miscellaneous expense	-	-	-	200,000	-	200,000	200,000
Personnel expenses	1,932,583	2,818,142	4,750,725	761,311	857,041	1,618,352	6,369,077
Printing and mailing	24,417	27,308	51,725	3,177	76,582	79,759	131,484
Repairs and maintenance	64,275	183,220	247,495	12,830	26,419	39,249	286,744
Supplies	57,142	345,600	402,742	14,806	164,266	179,072	581,814
Telephone	13,247	30,327	43,574	11,397	2,633	14,030	57,604
Travel	14,724	14,995	29,719	1,093	22,273	23,366	53,085
Warehouse expenses	586,536	869,420	1,455,956	20,338	29,627	49,965	1,505,921
	23,475,122	51,554,072	75,029,194	1,993,631	3,858,715	5,852,346	80,881,540
Less: Direct benefits to donors at special events included in revenue	-	-	-	-	(197,319)	(197,319)	(197,319)
Total expenses included in the expense section of the statement of activities	<u>\$ 23,475,122</u>	<u>\$ 51,554,072</u>	<u>\$ 75,029,194</u>	<u>\$ 1,993,631</u>	<u>\$ 3,661,396</u>	<u>\$ 5,655,027</u>	<u>\$ 80,684,221</u>

See accompanying notes

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

Page 9

	2023	2022
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 9,779,564	\$ 11,622,762
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	1,262,853	1,228,037
Gain on disposal of equipment	1,330	(3,590)
Net realized and unrealized investment gain	(4,820,987)	3,897,445
In-kind investment contributions	(418,557)	(576,889)
Change in contributed food inventory	2,325,791	560,238
Change in allowance for contributions receivable	(424,920)	497,000
Operating lease amortization	69,818	-
Change in operating assets and liabilities:		
Grants and contracts receivable	(1,434,677)	(906,930)
Contributions receivable	8,182,232	(8,615,653)
Inventories	(2,253,304)	840,288
Prepaid expenses and other current assets	368,142	(576,607)
Other assets	20,939	7,713
Accounts payable and accrued liabilities	(286,710)	392,059
Customer advances	(20,942)	(3,665)
Deferred revenue	(498,592)	638,834
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,851,980	9,001,042
CASH FLOWS USED BY INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(727,188)	(867,771)
Cash paid for purchases of investments	(35,372,464)	(21,503,752)
Proceeds on sale of investments	24,440,734	12,451,297
Proceeds on sale of equipment	-	28,500
	(11,658,918)	(9,891,726)
NET INCREASE/(DECREASE) IN CASH	193,062	(890,684)
CASH, BEGINNING OF YEAR	735,421	1,626,105
CASH, END OF YEAR	\$ 928,483	\$ 735,421
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
See note 18 for noncash flow transactions related to operating leases		

See accompanying notes

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

Page 10

**NOTE 1 THE ORGANIZATION**

Jacobs & Cushman San Diego Food Bank (the “Organization”), incorporated under the laws of the State of California, operates as a nonprofit public-benefit organization that provides food assistance and resources to people in need, advocates for the hungry, connects the population it serves to a range of health and human service providers, and educates the public about hunger in San Diego County. The Organization operates as a central repository and distribution point for USDA commodities and donated food. Through its own direct distributions and through a network of over 540 nonprofit hunger-relief organizations, Jacobs & Cushman San Diego Food Bank distributes approximately 48 million pounds of food annually to people in need throughout San Diego County. In November 2011, the Organization transferred the building to The Jacobs & Cushman San Diego Food Bank Building, LLC.

On average the Organization supports 400,000 individuals monthly in San Diego County with food assistance. This comes from government programs administered by the Organization such as the USDA sponsored Emergency Food Assistance Program (TEFAP) and Community Supplemental Food Program (CSFP) as well as local programs in partnership with smaller food pantries and programs that distribute food to those in need. To support the needs of those facing food insecurity the Organization provides a variety of additional programs to address the complex and changing needs of its clients. In addition to food the Organization operates a diaper bank and period supply program, nutrition education classes and trainings, assistance with CalFresh (SNAP) benefits, and capacity building efforts for non-profits addressing food insecurity.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting – The accompanying consolidated financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles (“GAAP”).

Consolidations – The accompanying consolidated financial statements include the accounts of Jacobs & Cushman San Diego Food Bank and its 100% owned subsidiary, The Jacobs & Cushman San Diego Food Bank Building, LLC. All significant intercompany transactions and accounts have been eliminated.

Estimates – The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Financial statement presentation – The Organization follows the Financial Accounting Standards Board’s (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which requires that net assets, support, revenue and gains, expenses and losses be classified as without donor restrictions or with donor restriction.

Net assets without restrictions – Net assets without restrictions consist of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Page 11**

Net assets with restrictions – Net assets with restrictions are those which are restricted by donors for specific operating purposes and are not currently available for use in the Organization’s operations until commitments regarding their use have been fulfilled.

Cash – The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Organization maintains several bank accounts with Wells Fargo, which at times may exceed the federally insured deposit limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash.

Investments – Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Realized and unrealized gains and losses are reported in the consolidated statements of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur. The Organization did not incur any material direct or indirect investment management fees during the years ended June 30, 2023 and 2022.

Fair value measurement – The Organization follows accounting standards which define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements for all financial assets and liabilities.

Contributions receivable – Contributions receivable consist of donor promises to give. It is the Organization’s policy to charge off uncollectible contributions receivable when management determines the receivable will not be collected. All contributions receivable are short-term and therefore, no present value discounting was recorded.

Inventory – Inventory consists of food products received through government programs sponsored by the USDA (TEFAP and CSFP), purchased and donated food products. The Organization records contributed food received from the USDA based on actual food product prices provided by the corresponding USDA program. During the years ended June 30, 2023 and 2022, the USDA TEFAP food product prices averaged \$1.11 and \$1.16 per pound, respectively, and USDA CSFP food product prices averaged \$1.07 and \$0.92 per pound, respectively. All other contributed food items are valued using an average cost based on the industry standard of \$1.92 and \$1.74 per pound for the years ended June 30, 2023 and 2022, respectively. See note 14 for noncash food receipt contributions during the years ended June 30, 2023 and 2022.

Property and equipment – Property and equipment are carried at cost. Donations of property and equipment are recorded as support at their estimated fair value as of the date of donation. The Organization capitalizes nonroutine improvements over \$5,000. Donations of property and equipment are reported as unrestricted support unless donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Page 12**

and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

Depreciation expense is computed using the straight line method over the estimated useful lives of the assets. Estimated useful lives are listed below:

Building	39 years
Building improvements	15-39 years
Warehouse equipment	5-15 years
Transportation equipment	5-10 years
Furniture and office equipment	3-7 years
Leasehold improvements	3-5 years

Impairment of long-lived assets – The Organization reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets held for sale are reported at the lower of the carrying amount or the fair value less costs to sell. Based on an evaluation of existing long-lived and intangible assets, the Organization determined that no impairments occurred for the years ended June 30, 2023 and 2022.

Revenue recognition – The Organization follows Accounting Standards Update (“ASU”) No. 2014-09, 2016-08, 2016-10, 2016-12 and 2016-20, collectively implemented as FASB Accounting Standards Codification (“ASC”) Topic 606 *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. This ASC’s core principle requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the company expects to be entitled in exchange for those goods or services. The Organization recognizes program income as services are provided. Shared maintenance fees represent amounts charged to agencies for food from the marketplace for a nominal per pound fee.

The Organization follows ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU includes clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions.

Contributions – Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are reported as increases in net assets with restrictions even if restriction is met in the same period. When the restriction is met the amount is shown as a reclassification of net assets from with restrictions to without restrictions.

Contributions in-kind - In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Page 13**

donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns but which do not meet the criteria for financial statement recognition.

Government grants and contracts – The Organization receives a significant amount of governmental cash and in-kind food assistance. The governmental cash assistance is received through reimbursement-based local, state, and federally funded programs. The revenue generated from these programs is recorded as government contracts in the consolidated statement of activities. This governmental support meets the criteria to be classified as conditional contributions under GAAP revenue recognition for nonprofit organizations as it contains barriers related to incurrence of qualifying expenditures and a right of return or release. The Organization has elected a simultaneous release option to account for these grants. Therefore, they are recorded as government support without donor restrictions upon satisfaction of the barriers. In the event amounts are received and have not been earned, the Organization records such amounts as a refundable advance until earned.

Concentrations – In the current period, a significant amount of food receipts and grants were provided by government contracts. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

Functional expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management estimates. Directly identifiable expenses are charged to program and supporting services. General operating costs are allocated among the program and supporting services on a reasonable basis. The Organization allocates expenses using four different formulas based on the type of expense and update this allocation on a quarterly basis based on the pounds of food distributed by category. The expenses that are allocated include: administrative support, contract services, depreciation and amortization, dues and subscriptions, equipment rental, food acquisition and distribution, insurance, personnel, printing and mailing, repairs and maintenance, supplies, telephone, and warehouse. For the years ended June 30, 2023 and 2022 program expenses were 93.66% and 92.99%, management and general were 1.47% and 2.47%, and fundraising were 4.87% and 4.54%, respectively.

Income taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore no provision has been made for federal income taxes in the accompanying consolidated financial statements.

The Organization follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the consolidated financial statements and prescribes a recognition threshold and measurement attribute for the consolidated financial statements and recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return. As of June 30, 2023 and 2022, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Page 14**

Reclassifications – Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations or net assets.

Recent accounting pronouncements

In February 2016, FASB issued ASU 2016-02 Leases (Topic 842). In July 2018, FASB issued two updates to ASU 2016-02, ASU 2018-10, Codification Improvements to Topic 842 Leases, and ASU 2018-11, Leases (Topic 842): Targeted Improvements. The new standard is effective for fiscal years beginning after December 15, 2021. The Organization adopted Topic 842 as of July 1, 2022 by recognizing and measuring leases at the adoption date with cumulative effect of initially applying the guidance recognized at the date of the initial application and as a result did not restate the prior periods presented in the financial statements. The Organization elected certain practical expedients permitted under the transitional guidance, including retaining historical lease classification, evaluating whether any expired contracts are or contain leases, and not applying hindsight in determining the lease term. The Organization does not separate lease and non-lease components for facility leases. Lastly, the Organization elected the short-term lease exception for all classes of assets, and therefore does not apply the recognition requirements for leases of 12 months or less.

The Organization categorizes long-term leases as either operating or finance. Finance leases are generally those leases that allow the organization to substantially utilize or pay for the entire asset of its estimated life. The Organization had no finance leases at June 30, 2023.

Leases with a term greater than one year are recognized on the statements of financial position as right-of-use (ROU) assets and short-term and long-term lease liabilities, as applicable. Operating lease liabilities and their corresponding ROU assets are initially recorded based on the present value of lease payments over the term of the lease. The rate implicit in lease contracts is typically not readily determinable and, as a result, the Organization utilizes the treasury yield rate to discount lease payments.

In July 2016, FASB issues ASU 2016-13 Financial Instruments – Credit Losses (Topic 326). The new standard is effective for fiscal years beginning after December 15, 2022. The standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to trading receivables, financing receivable, held-to-maturity debt securities, and receivables relating to repurchase agreements and securities lending agreements. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. The Organization is still assessing the impact this standard will have on its financial statements.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 GRANTS AND CONTRACTS RECEIVABLE**

Grants and contracts receivable consists of the following:

	2023	2022
Government contracts receivable	\$ 3,477,338	\$ 2,070,035
Marketplace food purchases	47,398	20,024
	\$ 3,524,736	\$ 2,090,059

Management assesses the collectability of all accounts receivable at the close of each period and records an allowance for doubtful accounts based on specific identification. Management has determined all receivables were collectible at June 30, 2023 and 2022.

Government contracts receivable relates to reimbursements under government programs that have not been received from the respective government agency. It represents the amount due through the years ended June 30, 2023 and 2022, respectively.

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following:

	2023	2022
Bequests	\$ 72,080	\$ 8,602,190
Other Contributions	418,341	70,463
	490,421	8,672,653
Allowance for doubtful accounts	(72,080)	(497,000)
	\$ 418,341	\$ 8,175,653

Bequests are usually received within a two-year period following the death of donor, and are typically subject to court proceedings and the probate process. Management has estimated an allowance for doubtful accounts for amounts relating to potential amounts not to be received as the trustee is finalizing the trust. Management believes other contributions to be fully collectible.



**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 5 INVENTORY**

As of June 30, 2023, the food inventory consists of the following:

**Dollar Value**

	Government Programs	Donated	Purchased	Total
Beginning of year	\$ 2,501,984	\$ 3,200,749	\$ 1,219,323	\$ 6,922,056
Receipts/purchases	18,133,738	38,878,456	12,100,177	69,112,371
Distributions	(17,020,711)	(41,190,622)	(10,973,525)	(69,184,858)
End of year	<u>\$ 3,615,011</u>	<u>\$ 888,583</u>	<u>\$ 2,345,975</u>	<u>\$ 6,849,569</u>

**Poundage**

Beginning of year	2,475,720	1,839,150	953,728	5,268,598
Receipts/purchases	16,549,164	20,249,976	8,487,331	45,286,471
Distributions	(15,673,925)	(21,618,809)	(7,984,237)	(45,276,971)
End of year	<u>3,350,959</u>	<u>470,317</u>	<u>1,456,822</u>	<u>5,278,098</u>

As of June 30, 2022, the food inventory consists of the following:

**Dollar Value**

	Government Programs	Donated	Purchased	Total
Beginning of year	\$ 3,183,239	\$ 3,499,876	\$ 1,639,467	\$ 8,322,582
Receipts/purchases	18,096,138	38,741,784	5,216,327	62,054,249
Distributions	(18,777,393)	(39,040,911)	(5,636,471)	(63,454,775)
End of year	<u>\$ 2,501,984</u>	<u>\$ 3,200,749</u>	<u>\$ 1,219,323</u>	<u>\$ 6,922,056</u>

**Poundage**

Beginning of year	2,827,392	2,027,915	1,450,573	6,305,880
Receipts/purchases	16,688,583	22,265,393	5,216,327	44,170,303
Distributions	(17,040,255)	(22,454,158)	(5,713,172)	(45,207,585)
End of year	<u>2,475,720</u>	<u>1,839,150</u>	<u>953,728</u>	<u>5,268,598</u>

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK  
A NONPROFIT ORGANIZATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

Page 17

**NOTE 6            PROPERTY AND EQUIPMENT**

Property and equipment are summarized as follows:

	2023	2022
Building improvements	\$ 9,251,280	\$ 8,737,527
Building	5,578,840	5,578,840
Warehouse equipment	2,984,940	2,782,882
Transportation equipment	1,923,670	1,850,276
Furniture and office equipment	684,249	654,983
Leasehold Improvements	94,309	7,611
	20,517,288	19,612,119
Accumulated depreciation	(9,818,801)	(8,560,505)
	10,698,487	11,051,614
Land	4,378,000	4,378,000
Construction in progress	-	183,868
	\$ 15,076,487	\$ 15,613,482

Depreciation expense was \$1,262,853 and \$1,228,037 for the years ended June 30, 2023 and 2022, respectively.

Construction in progress at June 30, 2022 related to a walk-in cooler replacement at the north county facility. The total cost was approximately \$184,000 and was completed in October 2022.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 7 INVESTMENTS**

The Organization invests funds in a professionally managed portfolio that may include various types of fixed income investments. Some of these investments are exposed to various risks, such as fluctuations in market value, interest rate, or credit risk. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Investments recorded at cost included certificates of deposit. Investments carried at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Cost and fair value of available-for-sale securities are as follows:

	2023	
	Cost	Fair Value
Corporate stocks	\$ 29,389,156	\$ 34,033,015
Mutual funds	2,790,943	2,788,926
Corporate bonds	11,352,778	10,878,195
Government bonds	499,581	505,196
	\$ 44,032,458	\$ 48,205,332

	2022	
	Cost	Fair Value
Corporate stocks	\$ 27,770,493	\$ 26,797,750
Mutual funds	1,795,952	1,770,859
Corporate bonds	7,546,935	7,176,463
Foreign bonds	209,478	206,016
	\$ 37,322,858	\$ 35,951,088

Investment income on the consolidated statements of activities consists of the following:

	2023	2022
Interest and dividends	\$ 1,296,317	\$ 590,986
Realized gains/(losses)	(230,813)	(2,123)
Unrealized gains/(losses)	5,051,800	(3,895,322)
	\$ 6,117,304	\$ (3,306,459)

The Board of Directors has designated 100% of the total investment balance for specific purposes, see note 11.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

Page 19

**NOTE 8 FAIR VALUE MEASUREMENT**

The Organization follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below.

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

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. Level 3 inputs are used only when level 1 or level 2 inputs are not available.

The Organization's policy is to recognize transfers of investments into and out of level 3 as of the date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2023 and 2022, there were no significant transfers of investments into or out of level 3.

The investments in corporate stocks, mutual funds, corporate bonds, government bonds, and foreign bonds are valued at market prices in active markets and are classified as level 1.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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. There are no assets requiring the use of level 3 inputs for the years presented and there were no changes in the methods used to measure fair value at June 30, 2023 and 2022.

The tables below exclude investments in certificates of deposits which are accounted for on the cost basis of \$7,087,033 and \$3,170,003 at June 30, 2023 and 2022, respectively, which are not subject to ASC 820.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

Financial assets and liabilities carried at fair value at June 30, 2023 are classified below in one of three categories described above. The table below presents the balances of assets measured at fair value on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments				
Corporate stocks	\$ 34,033,015	\$ -	\$ -	\$ 34,033,015
Mutual funds	2,788,926	-	-	2,788,926
Corporate bonds	10,878,195	-	-	10,878,195
Government bonds	505,196	-	-	505,196
	<u>\$ 48,205,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,205,332</u>

Financial assets and liabilities carried at fair value at June 30, 2022 are classified below in one of three categories described above. The table below presents the balances of assets measured at fair value on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments				
Corporate stocks	\$ 26,797,750	\$ -	\$ -	\$ 26,797,750
Mutual funds	1,770,859	-	-	1,770,859
Corporate bonds	7,176,463	-	-	7,176,463
Foreign bonds	206,016	-	-	206,016
	<u>\$ 35,951,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,951,088</u>

**NOTE 9    ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accrued liabilities consist of the following:

	<u>2023</u>	<u>2022</u>
Accounts payable	\$ 1,102,334	\$ 1,368,398
Accrued payroll	357,579	167,700
Accrued vacation	250,826	279,950
Other accrued expenses	37,587	218,988
	<u>\$ 1,748,326</u>	<u>\$ 2,035,036</u>

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK  
A NONPROFIT ORGANIZATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 10 LINE OF CREDIT**

In April 2021, the Organization entered into a revolving credit line against one of their brokerage accounts. The loanable value is based on each class of eligible securities. The Organization has not drawn upon the line of credit as of June 30, 2023. The line of credit does not have a maturity date and bears a variable interest rate equal to the WSJ prime rate minus 2.00% (6.25% and 2.75% at June 30, 2023 and 2022, respectively). The line of credit is secured by the Organization’s investment account and balances are repayable on demand. Subsequent to year end the Organization borrowed on this line of credit to purchase property (see note 20).

The Organization has a \$1,000,000 line of credit with Wells Fargo. The Organization has not drawn upon the line of credit as of June 30, 2023 and 2022. The line has a maturity date of November 1, 2024 with a floating interest rate of the Wells Fargo prime rate plus 0.25% (8.50% and 5.00% at June 30, 2023 and June 30, 2022, respectively) with a 5% floor. The rate changes at each index change. The line of credit is secured by the Organization’s inventory and accounts receivable.

**NOTE 11 BOARD DESIGNATED NET ASSETS**

Net assets designated by the board of directors consists of the following at June 30:

	2023	2022
Undesignated	\$ 23,784,403	\$ 33,165,743
Board designated	56,003,065	35,951,088
Total net assets without donor restrictions	\$ 79,787,468	\$ 69,116,831

The board of directors has designated the combined balances of both investment accounts for reserves, emergency disaster relief and building acquisition purposes. These designations align with the Organization’s reserve policy and strategic goals set by the board of directors.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by donors during the years ended June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Backpack	\$ 1,896,626	\$ 866,705
Operation gobble	256,997	53,852
CalFresh	214,119	97,024
FEED	177,803	204,735
Farm to family	175,306	231,640
College hunger relief & grab-n-go pantries	141,639	100,339
Hunger Is	75,281	173,439
Supervisor grants	75,000	100,000
DSA project	75,000	-
Nourishing neighbors	52,960	-
Warming items	24,917	-
Diaper bank	18,622	113,481
Food boxes and peanut butter	11,800	15,745
Community food grant	5,000	-
Solar	3,814	14,464
USO	-	99,383
Gift card grants	-	25,165
	<u>\$ 3,204,884</u>	<u>\$ 2,095,972</u>

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

Page 23

Net assets with donor restrictions consist of the following at June 30:

	2023	2022
Subject to expenditure for specified purpose:		
Community food grant	\$ 195,000	\$ -
Gift card grant	149,819	149,819
Nourishing neighbors	97,040	-
Backpack program	96,896	978,785
Solar	82,867	86,681
CalFresh	34,413	108,532
Operation gobble	19,400	-
Period supplies	10,500	-
Warming items	83	-
FEED	-	177,803
College hunger relief & grab-n-go pantries	-	50,471
Supervisor grants	-	25,000
	\$ 686,018	\$ 1,577,091

**NOTE 13 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 928,483	\$ 735,421
Accounts receivable	3,524,736	2,090,059
Contributions receivable	418,341	8,175,653
Certificates of deposit	7,087,033	3,170,003
Investments	48,205,332	35,951,088
	60,163,925	50,122,224
Less:		
Board designated funds unavailable for general expenditure	56,003,065	35,951,088
Donor imposed restrictions making financial assets unavailable for general expenditure	686,018	1,577,091
	56,689,083	37,528,179
Financial assets available to meet general expenditure within one year	\$ 3,474,842	\$ 12,594,045

The Organization is partially supported by restricted contributions. Due to donor restrictions requiring resources to be used in a particular manner or in a future period, the Organization must maintain



**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization sets aside cash in excess of daily requirements in its reserve and investment accounts. In the event of an unanticipated liquidity need, the Organization also could draw upon its lines of credit (see note 10). The Organization also owns the building it operates in San Diego, CA debt free that it could borrow against if necessary.

**NOTE 14 CONTRIBUTED NON-FINANCIAL ASSETS**

For the years ended June 30, contributed non-financial assets recognized in the statement of activities and functional expenses consisted of the following:

	Revenue Recognized		Valuation Techniques
	2023	2022	
Donated food	\$ 44,451,248	\$ 39,307,423	Industry standard (see note 2)
Government food - TEFAP	\$ 11,495,349	\$ 13,162,453	USDA provided value (see note 2)
Government food - CSFP	\$ 6,638,389	\$ 4,933,685	USDA provided value (see note 2)
Gift cards	\$ 476,800	\$ 194,050	Face value
Advertising services	\$ 21,925	\$ 15,560	Current rates for similar services

The contributed non-financial assets were utilized for the Organization's operations other than contributed advertising which were utilized for fundraising.

**NOTE 15 OTHER INCOME**

Included in other income for the year ended June 30, 2023 is recovery of bad debt expense of \$424,920.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

Page 25

**NOTE 16 SPECIAL EVENTS**

Special event revenues and expenses are directly related to several events including galas, blues festival and golf tournaments and consist of the following for the years ended June 30:

	2023	2022
Revenue		
Sponsorship	\$ 704,580	\$ 660,793
Donations	561,409	177,896
Ticket sales	234,693	173,319
Merchandise and auctions proceeds	111,401	118,101
Food and beverage	38,145	43,202
	1,650,228	1,173,311
Expenses:		
Direct benefits to donors	270,800	197,319
Other expenses	546,011	489,102
	816,811	686,421
Total net income	\$ 833,417	\$ 486,890

Special events expenses are included in the consolidated statements of functional expenses as follows:

	2023	2022
Supplies	\$ 240,467	\$ 156,890
Equipment rental	217,870	100,224
Contract services	171,138	249,266
Direct mail and marketing	95,187	87,804
Other fundraising accounts	69,101	70,198
Printing and mailing	23,048	22,039
	\$ 816,811	\$ 686,421

**NOTE 17 RETIREMENT PLAN**

The Organization sponsors a 403(b) plan which covers all eligible employees. The Organization makes a matching contribution equal to the lesser of 200% of the employee contribution or 3% of the employee's compensation. The Organization's contribution to the 403(b) for the years ended June 30, 2023 and 2022 was \$242,829 and \$190,639, respectively.

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK  
A NONPROFIT ORGANIZATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 18 LEASES**

The Organization has several leases for equipment, trucks and facilities under operating leases that expire between October 2024 and July 2028.

The components of total lease cost, included in warehouse, equipment rental and food acquisition and distribution expenses on the statement of functional expenses, for the year ended June 30, 2023 consisted of the following:

Operating lease cost	\$ 1,028,476
Short-term lease cost	430,448
Variable lease cost	<u>(27,942)</u>
Total lease cost	<u>\$ 1,430,982</u>

Included in variable lease cost is credits under a sublease for lessor to use a portion of the space. In addition the variable lease cost includes a portion of the common operating costs for their facility lease that are at 66.29% of the actual costs adjusted annually.

Equipment and facility lease expense totaled approximately \$980,000 for the year ended June 30, 2022.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted average remaining lease term	2.42 years
Weighted average discount rate	1.44%

Future minimum undiscounted lease payments related to the operating lease liability for the years ended June 30 is as follows:

2024	\$ 1,043,794
2025	1,026,185
2026	385,624
2027	15,600
2028	<u>13,000</u>
Total undiscounted lease payments	2,484,203
Less: present value discount	<u>(62,258)</u>
Total lease liability	<u>\$ 2,421,945</u>

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK  
A NONPROFIT ORGANIZATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Page 27**

Supplemental cash flow information related to operating leases for the year ended June 30, 2023 is as follows:

Cash paid for amounts included in the measurements of lease liabilities:

Operating cash flows for operating leases	\$ 958,661
Right of use asset acquired under operating lease	\$ 3,332,942

**NOTE 19 LITIGATION**

The Organization is subject to lawsuits and claims, which arise out of the normal course of business. The Organization settled an employee dispute in January 2023 for \$200,000 and made payment in March 2023. This contingency was included in accrued liabilities on the balance sheet at June 30, 2022 and in miscellaneous expenses on the consolidated statement of functional expenses for the year ended June 30, 2022. In the opinion of management, based upon the opinions of legal counsel, management is unaware of additional lawsuits and claims.

**NOTE 20 SUBSEQUENT EVENT**

Management has evaluated subsequent events through March 18, 2024, the date the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the consolidated financial statements, except for the below.

Subsequent to year end the Organization borrowed against its line of credit on its brokerage account to purchase property for \$38,000,000 (see note 10). The property consists of 4 buildings located in the Kearny Mesa area of San Diego, California. The Organization plans to convert the property into a new office headquarters and main distribution warehouse over the next three to five years.