

San Francisco Food Bank
dba San Francisco-Marín Food Bank

Consolidated Financial Statements

June 30, 2024
(With Comparative Totals for 2023)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Francisco Food Bank
dba San Francisco-Marin Food Bank
San Francisco, California

Opinion

We have audited the accompanying consolidated financial statements of San Francisco Food Bank dba San Francisco-Marin Food Bank (the "Food Bank"), which comprise the consolidated statement of financial position as of June 30, 2024, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of San Francisco Food Bank dba San Francisco-Marin Food Bank as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our 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 San Francisco 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.

Change in Accounting Principle

As described in Note 4 to the consolidated financial statements, the Food Bank has adopted Financial Accounting Standards Board (FASB) ASU 2016-13, Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, 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 San Francisco Food Bank's ability to continue as a going concern within one year after the date that the consolidated 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 consolidated 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 San Francisco 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Francisco 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025, on our consideration of the Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited San Francisco Food Bank dba San Francisco-Marín Food Bank's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Armanino^{LLP}
San Jose, California

January 23, 2025

San Francisco Food Bank
dba San Francisco-Marin Food Bank
Consolidated Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 35,807,801	\$ 41,353,740
Investments in marketable securities	21,697,969	13,489,894
Accounts receivable from affiliated agencies	69,185	22,074
Government grants receivable	1,221,565	1,706,201
Pledges receivable, current portion	3,227,561	1,543,380
Inventory	6,271,736	4,238,541
Prepaid expenses and other assets	919,165	678,909
Total current assets	69,214,982	63,032,739
Noncurrent assets		
Property and equipment, net	54,556,432	51,840,166
Board designated investments in marketable securities	8,972,722	7,486,403
Pledges receivable, net of current portion and discount	1,442,000	1,250,300
Operating lease right-of-use assets	1,552,646	1,542,871
Total noncurrent assets	66,523,800	62,119,740
Total assets	\$ 135,738,782	\$ 125,152,479

The accompanying notes are an integral part of these consolidated financial statements.

San Francisco Food Bank
dba San Francisco-Marin Food Bank
Consolidated Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 3,162,024	\$ 2,738,368
Accrued expenses	2,345,045	2,340,763
Deferred revenue	179,153	107,500
Operating lease liabilities, current portion	357,703	349,306
Total current liabilities	6,043,925	5,535,937
Long-term liabilities		
Note payable	5,717,178	5,717,178
Operating lease liabilities, net of current portion	1,201,746	1,217,441
Total long-term liabilities	6,918,924	6,934,619
Total liabilities	12,962,849	12,470,556
Net assets		
Without donor restrictions		
Undesignated	5,561,596	4,716,235
Inventory	6,271,736	4,238,541
Property and equipment	48,149,639	44,700,337
Board designated - operating reserve	18,000,000	15,000,000
Board designated - capacity, climate, and facilities reserve	15,000,000	15,000,000
Board designated - emergency response and recovery reserve	14,500,000	22,000,000
Board designated - capital expansion reserve	3,000,000	5,000,000
Board designated - innovation fund reserve	7,500,000	-
Total without donor restrictions	117,982,971	110,655,113
With donor restrictions	4,792,962	2,026,810
Total net assets	122,775,933	112,681,923
Total liabilities and net assets	\$ 135,738,782	\$ 125,152,479

The accompanying notes are an integral part of these consolidated financial statements.

San Francisco Food Bank
dba San Francisco-Marín Food Bank
Consolidated Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Support and revenue				
Contributions in-kind	\$ 92,937,250	\$ -	\$ 92,937,250	\$ 93,700,070
Contributions	31,560,974	8,605,807	40,166,781	39,002,828
Governmental support - in-kind food	29,120,252	-	29,120,252	15,307,426
Governmental support - cash	19,001,586	-	19,001,586	18,035,444
Investment income, net	3,545,252	-	3,545,252	1,889,609
Special events, net	317,121	-	317,121	286,695
Shared maintenance fees	204,478	-	204,478	175,011
Other income, net	160,598	-	160,598	176,996
Net assets released from restrictions	<u>5,839,655</u>	<u>(5,839,655)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>182,687,166</u>	<u>2,766,152</u>	<u>185,453,318</u>	<u>168,574,079</u>
Functional expenses				
Program services				
Healthy children pantries	5,990,320	-	5,990,320	4,651,111
Senior pantries and home-delivered groceries	34,239,792	-	34,239,792	40,755,207
Neighborhood pantries	101,739,664	-	101,739,664	96,609,521
Supplemental food program for seniors	7,617,632	-	7,617,632	6,987,462
Agency distribution	8,472,804	-	8,472,804	7,251,584
Advocacy and education	<u>4,524,614</u>	<u>-</u>	<u>4,524,614</u>	<u>3,418,012</u>
Total program services	<u>162,584,826</u>	<u>-</u>	<u>162,584,826</u>	<u>159,672,897</u>
Support services				
Management and general	4,786,629	-	4,786,629	4,475,159
Fundraising	<u>7,987,853</u>	<u>-</u>	<u>7,987,853</u>	<u>7,169,791</u>
Total support services	<u>12,774,482</u>	<u>-</u>	<u>12,774,482</u>	<u>11,644,950</u>
Total functional expenses	<u>175,359,308</u>	<u>-</u>	<u>175,359,308</u>	<u>171,317,847</u>
Change in net assets (see Note 3)	7,327,858	2,766,152	10,094,010	(2,743,768)
Net assets, beginning of year	<u>110,655,113</u>	<u>2,026,810</u>	<u>112,681,923</u>	<u>115,425,691</u>
Net assets, end of year	<u>\$117,982,971</u>	<u>\$ 4,792,962</u>	<u>\$122,775,933</u>	<u>\$112,681,923</u>

The accompanying notes are an integral part of these consolidated financial statements.

San Francisco Food Bank
dba San Francisco-Marin Food Bank
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Program Services						Support Services				2024 Total	2023 Total
	Healthy Children Pantries	Senior Pantries and Home- Delivered Groceries	Neighborhood Pantries	Supplemental Food Program For Seniors	Agency Distribution	Advocacy and Education	Total Program Services	Management and General	Fundraising	Total Support Services		
Donated food distributed	\$ 4,560,550	\$ 24,734,817	\$ 75,475,202	\$ 5,949,015	\$ 6,733,389	\$ -	\$ 117,452,973	\$ -	\$ -	\$ -	\$ 117,452,973	\$ 105,755,059
Salaries	390,484	2,987,999	8,656,209	905,642	689,065	2,040,951	15,670,350	2,755,703	4,023,883	6,779,586	22,449,936	22,793,790
Food procurement	641,389	3,010,595	8,813,659	-	437,620	-	12,903,263	-	-	-	12,903,263	20,976,696
Employee benefits	84,589	643,010	1,857,497	195,097	149,310	442,676	3,372,179	597,696	869,709	1,467,405	4,839,584	4,196,737
Outside services	26,172	567,438	570,786	60,249	45,873	346,870	1,617,388	556,215	1,414,282	1,970,497	3,587,885	3,113,470
Depreciation and amortization	42,652	308,321	952,985	87,998	72,285	222,451	1,686,692	293,331	426,884	720,215	2,406,907	2,144,232
Freight and storage	87,660	488,995	1,460,937	-	84,072	-	2,121,664	-	-	-	2,121,664	2,240,552
Donated services and supplies	19,494	463,561	1,066,338	55,584	34,408	102,014	1,741,399	137,740	200,424	338,164	2,079,563	1,945,833
Payroll taxes	28,994	220,399	636,681	66,872	51,178	151,732	1,155,856	204,870	298,104	502,974	1,658,830	1,592,955
Occupancy	21,780	201,713	461,153	54,092	36,128	103,607	878,473	76,546	141,704	218,250	1,096,723	1,225,979
Public affairs	25	194	562	59	45	966,115	967,000	181	263	444	967,444	910,575
Vehicle expenses	28,801	165,633	501,165	35,534	38,013	5,364	774,510	7,213	10,496	17,709	792,219	869,851
Utilities	16,628	114,089	329,504	24,163	25,780	61,131	571,295	49,648	85,175	134,823	706,118	732,024
Warehouse supplies	10,396	124,966	307,707	120,446	14,056	-	577,571	-	-	-	577,571	728,734
Marketing and events	1,497	10,317	30,255	2,277	2,439	5,167	51,952	6,978	320,854	327,832	379,784	569,872
Insurance	8,669	55,725	162,886	17,312	13,292	15,530	273,414	16,412	27,073	43,485	316,899	281,323
Miscellaneous	5,266	34,791	150,502	13,371	21,647	15,899	241,476	26,168	30,813	56,981	298,457	526,922
Equipment expenses	7,963	46,589	141,939	11,570	11,268	7,249	226,578	9,784	14,237	24,021	250,599	303,966
Conferences and training	3,762	28,597	82,606	8,677	6,640	19,686	149,968	26,581	38,678	65,259	215,227	118,030
Printed materials and postage	727	5,493	15,994	1,656	1,277	3,803	28,950	5,120	59,331	64,451	93,401	64,059
Interest	1,648	13,373	37,551	5,431	2,981	8,236	69,220	8,243	14,011	22,254	91,474	104,788
Office/computer supplies	1,066	12,356	25,178	2,339	1,847	5,568	48,354	7,438	10,823	18,261	66,615	76,729
Volunteer services	108	821	2,368	248	191	565	4,301	762	1,109	1,871	6,172	14,183
Donated rent	-	-	-	-	-	-	-	-	-	-	-	31,488
	<u>\$ 5,990,320</u>	<u>\$ 34,239,792</u>	<u>\$ 101,739,664</u>	<u>\$ 7,617,632</u>	<u>\$ 8,472,804</u>	<u>\$ 4,524,614</u>	<u>\$ 162,584,826</u>	<u>\$ 4,786,629</u>	<u>\$ 7,987,853</u>	<u>\$ 12,774,482</u>	<u>\$ 175,359,308</u>	<u>\$ 171,317,847</u>
Percentage of total	<u>3.4 %</u>	<u>19.5 %</u>	<u>58.0 %</u>	<u>4.3 %</u>	<u>4.8 %</u>	<u>2.7 %</u>	<u>92.7 %</u>	<u>2.7 %</u>	<u>4.6 %</u>	<u>7.3 %</u>	<u>100.0 %</u>	

The accompanying notes are an integral part of these consolidated financial statements.

San Francisco Food Bank
dba San Francisco-Marín Food Bank
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 10,094,010	\$ (2,743,768)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	2,406,907	2,144,232
In-kind contributions of food	(119,489,621)	(106,689,560)
Distribution of food received in-kind	117,452,973	105,755,059
Capital Campaign contributions, net	(450,000)	(3,851,008)
Net realized and unrealized gains on investments in marketable securities	(1,455,551)	(455,541)
Gain on disposal of property and equipment	(13,750)	(18,000)
Amortization of operating lease right-of-use assets	354,974	352,110
Changes in operating assets and liabilities		
Accounts receivable from affiliated agencies	(1,383,811)	(2,559)
Government grants receivable	484,636	99,870
Pledges receivable, net	(1,684,181)	1,514,937
Inventory	3,453	38,769
Prepaid expenses and other assets	(240,256)	159,772
Accounts payable	423,656	(722,032)
Accrued expenses	4,282	(1,007,268)
Deferred revenue	71,653	(59,927)
Operating lease liabilities	(372,047)	(328,234)
Net cash provided by (used in) operating activities	6,207,327	(5,813,148)
Cash flows from investing activities		
Purchase of property and equipment	(5,123,173)	(8,776,851)
Proceeds from sale of property and equipment	13,750	18,000
Purchase of investments	(15,179,783)	(4,219,996)
Proceeds from sale of investments	6,940,940	3,366,322
Net cash used in investing activities	(13,348,266)	(9,612,525)
Cash flows from financing activities		
Proceeds received from Capital Campaign	1,595,000	4,266,007
Net cash provided by financing activities	1,595,000	4,266,007
Net decrease in cash and cash equivalents	(5,545,939)	(11,159,666)
Cash and cash equivalents, beginning of year	41,353,740	52,513,406
Cash and cash equivalents, end of year	\$ 35,807,801	\$ 41,353,740

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 91,475	\$ 91,475
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Supplemental schedule of noncash investing and financing activities

Operating lease right-of-use assets in exchange for operating lease liabilities	\$ -	\$ 1,894,981
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The accompanying notes are an integral part of these consolidated financial statements.

San Francisco Food Bank
dba San Francisco-Marín Food Bank
Notes to Consolidated Financial Statements
June 30, 2024
(With Comparative Totals for 2023)

1. NATURE OF OPERATIONS

The San Francisco Food Bank (dba "San Francisco-Marín Food Bank", referred to hereafter as "Food Bank"), was founded in 1987 and is the largest distributor of food to low-income families and individuals in San Francisco and Marin Counties. The Food Bank is a lifeline to healthy, nourishing food that empowers kids to learn, adults to focus on work, and seniors to stay healthy and active. The Food Bank works in many ways to address hunger - from its flagship pantry network and home-delivered groceries program, to advocating for improved food programs and CalFresh (food stamps) enrollment. During this past fiscal year, the Food Bank distributed four times as many meals per food insecure person than the nationwide food bank average according to Feeding America's Service Target & Assessment report.

Last year, the Food Bank distributed almost 67 million pounds of food, over 1/3 more than it did before the pandemic. The Food Bank recovers fresh produce and pantry staples from farmers and manufacturers who produce more food than they can sell; almost 70% of food distributed is fresh fruits and vegetables. The Food Bank served over 53,000 families each week and delivered weekly groceries to more than 8,500 seniors and other participants with low-mobility last year. Almost 90% of its food went out through its pantry network.

At the onset of the pandemic in March 2020, the Food Bank saw a dramatic increase in requests for food assistance that have continued to this day. The majority of "pop-up" pantries that opened in the initial months of the pandemic remain open today but will close by June 2025 as both federal and local support for this program (both food and financial) has ended. These 16 pop-up pantries each serve 5-10x the number of households of the average pre-pandemic pantry. The Food Bank also continues providing home-delivered groceries to try to serve participants who are unable to access pantries in person.

Volunteers are essential to the Food Bank model. More than 55,000 volunteers were engaged this year to pack and deliver bags of groceries as well as sort and repack produce and other food as quickly as possible. Volunteers handled over 44% of food distributed during the fiscal year.

The Food Bank also engaged more than 25,000 financial donors in FY23-24 who contributed almost \$39 million to fuel operations. In addition to this, the Food Bank obtained cash support equal to 11% of total support and revenue from the following government agencies:

United States Department of Agriculture (USDA) - Emergency Food Assistance Program

The USDA revenue represents federal funds which have been distributed through the California Department of Social Services. The funds are designated to partially cover the costs of distributing USDA commodities to nonprofit agencies serving low-income families and individuals through their emergency meal and pantry programs.

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June 30, 2024
(With Comparative Totals for 2023)

1. NATURE OF OPERATIONS (continued)

United States Department of Agriculture (USDA) - Commodity Supplemental Food Program (CSFP)

CSFP is partially funded by the USDA and state-administered by the California Department of Social Services. CSFP provides a monthly box of nutritious USDA commodity food products to eligible seniors.

United States Department of Agriculture (USDA) - CalFresh Outreach Program

CalFresh (California's name for SNAP, formerly Food Stamps) outreach is funded by the USDA in an effort to get benefits to those who qualify for this underutilized federal program.

City and County of San Francisco Human Services Agency (HSA), Department of Homelessness and Supportive Housing (DHS) and Department of Public Health (DPH)

HSA, DHS, and DPH funds are designated to provide weekly groceries to low-income immigrants, senior citizens, persons with disabilities, persons with HIV/AIDS, and formerly homeless individuals. HSA funds also provide a nutritionally balanced three-day supply of emergency food to eligible families and individuals.

As the largest nonprofit food provider in San Francisco and Marin, the Food Bank is an essential food safety net. It remains a lifeline for families struggling with the exorbitantly high costs of living in the San Francisco Bay area and the continued economic fallout from the pandemic. To meet the sustained need in the community, the Food Bank is prioritizing and investing in a continued commitment to food quality, advocacy and partnerships, and bolstering operational infrastructure. For FY24-25, the Food Bank's board has approved an operating budget with a projected \$6.6 million deficit.

As it remains steadfast in its commitment to ending hunger in San Francisco and Marin, the Food Bank knows it cannot do this alone. The Food Bank has established a cohort of agencies to help establish community markets, dedicated locations that will be open several hours a day for multiple days a week to make it easier for those in need to get food. It also is partnering with other organizations to determine ways to remove barriers to, and increase participation in, CalFresh.

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Notes to Consolidated Financial Statements
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(With Comparative Totals for 2023)

2. PROGRAM SERVICES

Ongoing Pantry Programs

The Food Bank has a variety of ongoing food pantry programs designed to provide a lifeline for people who need help. The pantries provide food to low-income seniors, families, children and other individuals, enabling them to plan and prepare meals in their own homes, an essential aspect of promoting good health, normalcy and dignity. Relying largely on the support of grants and contributions, the Food Bank operates the following types of pantries:

- *Healthy Children Pantries* - this program combats child hunger by distributing nutritious foods every week in family-friendly environments such as public schools, childcare centers, parenting support centers and other child-focused locations.
- *Senior Pantries and Home-Delivered Groceries* - these programs enable the Food Bank to help low-income seniors and adults with disabilities secure immediate access to nutritious food. The Food Bank provides weekly groceries to thousands of older adults struggling to maintain their health and independence.
- *Neighborhood Pantries* - the Food Bank established a network of weekly pantries to serve economically distressed communities and reach target populations in need of food assistance. The *Immigrant Food Assistance Pantries* initiative focuses on low-income immigrants struggling with language and cultural barriers. The *Community Food Partners Pantries* distribute food to families living in public housing developments. The *Supportive Housing Pantries* distribute easily prepared fresh and packaged products to formerly homeless individuals living in permanent housing with supportive services. The *Neighborhood Grocery Network Pantries* distributes supplemental weekly groceries to working poor families and low-income individuals. The *Citywide Grocery Access Pantries* provide weekly groceries through 16 large-scale pantries originally established at the onset of the pandemic for those who lost access to food or found themselves in need of food assistance for economic reasons. These pantries will close by June 2025 as both federal and local support for this program (both food and financial) has ended.

Supplemental Food Program for Seniors

This program provides a monthly box of nutritious USDA food to more than 9,600 low-income senior citizens.

Agency Distribution Shopping Program

More than 225 of the Food Bank's member agencies, including community centers, religious organizations, soup kitchens, shelters, affordable housing, senior programs, AIDS support programs and childcare centers, visit the warehouse on a regular basis to select bread, dry goods, meat and fresh produce for their clients.

San Francisco Food Bank
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Notes to Consolidated Financial Statements
June 30, 2024
(With Comparative Totals for 2023)

2. PROGRAM SERVICES (continued)

Strategic Partnerships, Advocacy, and Voice

The Strategic Partnership, Advocacy, and Voice ("SPAV") Department collaborates with our communities, partners, and participants to develop strategies, actions, and solutions aimed at reducing barriers and improving access to food and coordinated food security systems. Additionally, it advocates with the community and participants for policy changes aimed at addressing the underlying causes of hunger.

The Food Bank is leading efforts to address root causes of hunger through multiple innovation pilots that will change the food banking industry. In Collaboration with community partners, here are the innovation pilots that are underway:

- **Community Markets:** The Food Bank is piloting Community Markets, which are designed to provide nutritious and culturally centered foods to address access to healthy and cultural food within our communities, paired with coordinated services to address the root causes of food insecurity. Community Markets are a transformative vision of going from a traditional 'pantry' model that is transactional and open limited hours with no wrap-around services, to larger market-style agencies that are open multiple days and/or extended hours to be more convenient and relational. Community Markets are designed to be equity-centered and community-led.
- **Capacity Seed Funding:** Capacity seed funding is an opportunity for organizations to accelerate their existing efforts in food programming and increase the number of individuals they are able to serve through one-time funding awards. The Food Bank seeks to be able to provide one-time funding to partners that would help them to raise their existing program's capacity. This award will fund and expected growth of 50 - 500 new UOS that will be Food Bank referrals from existing programming. The Capacity Seed Funding Call for Partnership Form will serve as a portal for interested partners to apply to receive this growth funding.
- **Foodways Collaborative:** The Foodways Collaborative aims to assess the impact of a collaborative approach in designing culturally relevant menus for community partners. Key objectives included improving menu design and gaining buy-in from partners and communities. Success was measured by the design of a better menu (assessed through food item relevance), partner approval, and community acceptance (measured by feedback and returns).

San Francisco Food Bank
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Notes to Consolidated Financial Statements
June 30, 2024
(With Comparative Totals for 2023)

2. PROGRAM SERVICES (continued)

Strategic Partnerships, Advocacy, and Voice (continued)

The Food Bank recognizes that to address root causes of hunger, policy changes on local, state and federal levels must give access to healthy foods and address government barriers in accessing benefit programs. Advocacy efforts include optimizing government food assistance programs (e.g., CalFresh, the state's food stamp program, and San Francisco's public school meals program), eliminating bureaucracy and barriers that prevents low-income individuals from receiving assistance, improving program quality and participation, and offering recommendations to elected officials and community leaders to reduce barriers to food for low-income residents of San Francisco and Marin. The SF Marin Food Bank's advocacy efforts, in collaboration with coalition partners, have resulted in reducing food insecurity and addressing critical gaps within statewide programs. Here's some of what's included from our food equity agenda signed by the Governor in the year's budget cycle:

- CalFood: Secured \$60 million in continued funding for food banks statewide to buy CA-grown food.
- CalFresh minimum nutrition benefit pilot: \$15 million and funding for automation to pilot increasing the CalFresh minimum to \$50 million.
- School Meals for All: New investments to fully implement and ensure free school meals for all kids.
- Food4All: \$40 million for an accelerated implementation of immigrant food benefits to start in October 2025 instead of January 2027.
- AB 518: This year the SFMFB sponsored legislation that aimed to address gaps at the CalFresh system. This bill intends to mandate that the state must report on the estimated CalFresh enrollment gap, with analysis of those not accessing but eligible, and targeted outreach plans with an equity lens to close the enrollment gap. Additionally, the bill will require a state-level executive who will be accountable for delivering these results. As of September 18th, the bill was signed by the Governor which marked a win for CalFresh realignment which has not happened since 1996.

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3. CHANGE IN NET ASSETS

Year ended June 30, 2024

The positive change in net assets for the year ended June 30, 2024 is due to a variety of factors. The Food Bank took advantage of increased availability of government commodities and ended the year having received more food than it distributed. In addition, the Food Bank received several large, one-time gifts in support of its expansion efforts as well as general operations, and the Food Bank's investments performed extremely well. Finally, the Food Bank obtained a considerable amount of temporarily restricted funding to support its innovation initiatives, primarily Community Markets, that will be spent in subsequent years..

Year ended June 30, 2023

The negative change in net assets for the year ended June 30, 2023 is largely due to decreased contribution revenue and increased expenses for food procurement as well as staff salaries. Contribution revenue, which increased dramatically during the height of the pandemic, continues to drop although the need for Food Bank services has not changed. Food prices increased dramatically during the year, and the Food Bank had to purchase more food at this higher price due to a decrease in government commodities. Staff salaries increased as the Food Bank responded to changes in the compensation market in order to remain competitive.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of San Francisco Food Bank and its wholly-owned subsidiary End Hunger, LLC (a California limited liability company). End Hunger, LLC was formed for the purpose of acquiring and holding a building located at 2550 Kerner Boulevard, San Rafael, California. This warehouse/office building serves as the hub for the Food Bank's efforts to end hunger in Marin county. All material intercompany transactions have been eliminated upon consolidation.

Basis of accounting

The financial statements of San Francisco Food Bank have been prepared on the accrual basis of accounting.

Financial statement presentation

The Food Bank follows standards of accounting and financial reporting for voluntary health and welfare organizations. In accordance with accounting principles generally accepted in the United States of America, the Food Bank reports its consolidated financial position and operating activities in two classes of net assets: without donor restrictions and with donor restrictions.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation (continued)

- *Net assets without donor restrictions* - include those assets used to carry out the operations of the Food Bank. Under this category, the Food Bank maintains an operating fund, any net assets designated by the Board for specific purposes, inventory, and property and equipment funds.
- *Net assets with donor restrictions* - include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the end of the current reporting period.

Adoption of accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Food Bank adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Food Bank's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

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 at the date of the consolidated financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash equivalents include highly liquid investments and investments with a maturity of three months or less and exclude donor restricted receipts for long-term purposes. The Food Bank maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Food Bank has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Accounts, grants, and pledges receivable

Accounts receivable represent amounts due from affiliated agencies and are stated at the amount the Food Bank expects to collect for shared maintenance fees. Government grants receivable represent grants from government agencies. Pledges receivable represent contributions receivable. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved if the discount amount is considered material. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful accounts, grants and or pledges receivable is established based on management's judgment including such factors as prior collection history, type of receivable and current aging of the receivables. Receivables are charged against the allowance when the Food Bank determines that payments will not be received. Any subsequent receipts are credited to the allowance. As of June 30, 2024 and 2023 the allowance for doubtful accounts was \$25,000 and \$25,000, respectively.

Inventory

Inventory consists of donated non-government food, purchased food, and United States Department of Agriculture ("USDA") food commodities received from the government. Donated non-government products were valued at \$1.97 and \$1.93 per pound for the years ended June 30, 2024 and 2023, respectively. Donated government food was valued at \$1.74 and \$1.57 per pound for the years ended June 30, 2024 and 2023, respectively. This valuation is based on a cost study conducted for Feeding America. Purchased food is valued at the latest purchase price.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains or losses are included in the change in net assets. The Board of Directors designated \$8,972,722 of the total investment balance as a facilities reserve not to be used for operating purposes.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Depreciation and amortization is computed on the straight-line method based on the estimated useful lives of the assets, which range from three to seven years for vehicles, office furniture and equipment, and thirty-nine years for buildings and building improvements. Equipment purchases over \$3,000 are capitalized. Depreciation and amortization is recorded as a decrease in net assets without donor restrictions and the expense is charged to the activity benefiting from the use of the facilities or equipment. Amounts expended for maintenance and repairs are charged to operations as incurred.

The Food Bank regularly evaluates its long-lived assets for indicators of possible impairment. Should an impairment exist, the impairment loss would be measured based on the excess carrying value of the asset's fair market value or discounted estimates of future cash flows. The Food Bank has not identified any such impairment losses to date.

Fair value measurements

Fair value is defined as "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."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Food Bank. Unobservable inputs reflect the Food Bank's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 3* - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Food Bank's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

All of the Food Bank's assets and liabilities are classified as Level 1 with the exception of donated food and investment in corporate bonds. All donated non-government food, USDA food commodities inventory and investment in corporate bonds are classified as Level 2 assets. The Food Bank did not have any assets or liabilities classified as Level 3.

Leases

The Food Bank leases certain buildings, office space, and equipment under operating leases. The Food Bank determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the consolidated statement of financial position. Finance leases are included in property and equipment and other long-term liabilities on the consolidated statement of financial position.

ROU assets represent the Food Bank's right to use an underlying asset for the lease term and lease liabilities represent the Food Bank's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Food Bank's lease does not provide an implicit rate, the Food Bank uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Food Bank's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Food Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise. The Food Bank only has a small number of short-term leases and the short-term lease cost is nominal.

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30. The maximum vacation time that can be accrued and carried over to the next year is 200 hours. The accrued vacation balance as of June 30, 2024 and 2023 was \$1,017,256 and \$991,048, respectively, and is included in accrued expenses.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. The Food Bank will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. A promise that calls for specific outcomes to be achieved will be treated as a conditional promise to give. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions. For contributions with donor restrictions funds are reported as increases in restricted net assets. When the restriction is met, the amount is shown as a reclassification of net assets with donor restrictions to net assets without restrictions.

Contributions that are considered conditional promises to give which contain barriers and a right of return or right of release are not recognized until the conditions on which they depend are met, at which time, the gift is recognized as either grants and contributions revenue with or without restriction.

The Food Bank 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 governmental support 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 Food Bank has elected a simultaneous release option to account for these grants. Therefore, they are recorded as governmental support without donor restrictions upon satisfaction of the barriers. In the event amounts are received and have not been earned, the Food Bank records such amounts as a refundable advance until earned.

Contributions in-kind

Donated non-government products were valued at \$1.97 and \$1.93 per pound for the years ended June 30, 2024 and 2023, respectively. Donated government food was valued at \$1.74 and \$1.57 per pound for the years ended June 30, 2024 and 2023, respectively. This valuation is based on a cost study conducted for Feeding America. Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Food Bank would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Food Bank also receives donated services that do not require specific expertise but which are nonetheless central to the Food Bank's operations. While these contributed services are not reflected in the consolidated financial statements the estimated value of these services is disclosed in Note 14.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of 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 and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited based on an analysis of personnel time and poundage of food distributed by each program.

Allocation of joint costs

The Food Bank accounts for joint costs in accordance with accounting principles generally accepted in the United States of America. The Food Bank is required to record all of the costs of certain activities as fundraising expenses, rather than allocating certain costs to various programs of the Food Bank. For the years ended June 30, 2024 and 2023, the Food Bank incurred costs of \$1,536,103 and \$1,321,833, respectively, for informational materials and activities that include fundraising appeals. Of these costs, \$1,529,302 and \$1,312,965, respectively was allocated to fundraising expense, \$6,801 and \$8,868, respectively was allocated to programs, and no amounts required allocation to management and general expense.

Income taxes

The Food Bank is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California state income taxes under Section 23701d of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Food Bank qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a).

Subsequent events

The Food Bank has evaluated subsequent events through January 23, 2025, the date the consolidated financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Food Bank's consolidated financial statements.

Uncertainty in income taxes

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Food Bank in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertainty in income taxes (continued)

The Food Bank's federal returns for the years ended June 30, 2023, 2022, and 2021 could be subject to examination by federal taxing authorities, generally for three years after they are filed. The Food Bank's state returns for the years ended June 30, 2023, 2022, 2021 and 2020 could be subject to examination by state taxing authorities, generally for four years after they are filed.

Advertising costs

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2024 and 2023 totaled \$322,455 and \$400,209, respectively.

5. PLEDGES RECEIVABLE

Pledges receivable consisted of the following:

	2024	2023
Amount due in less than one year	\$ 3,227,561	\$ 1,543,380
Amounts due in one to five years	1,442,000	1,250,300
	\$ 4,669,561	\$ 2,793,680

6. INVENTORY

Inventory consists of donated non-government food, purchased food, and United States Department of Agriculture (USDA) food commodities received from the government. Donated non-government products were valued at \$1.97 and \$1.93 per pound for the years ended June 30, 2024 and 2023, respectively. Donated government food was valued at \$1.74 and \$1.57 per pound for the years ended June 30, 2024 and 2023, respectively. This valuation is based on a cost study conducted for Feeding America.

Inventory consisted of the following:

	2024	2023
USDA food commodities	\$ 3,376,360	\$ 2,341,175
Donated non-government food	2,365,206	1,363,744
Purchased food	530,170	533,622
	\$ 6,271,736	\$ 4,238,541

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7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Building improvements	\$ 41,375,991	\$ 33,571,956
Building	11,736,061	11,736,061
Land	5,698,080	5,698,080
Vehicles	3,565,065	4,871,646
Construction in progress	-	3,637,647
Office furniture equipment	1,929,716	2,262,677
Warehouse equipment	2,210,163	2,095,177
Other depreciable property	<u>566,567</u>	<u>484,753</u>
	67,081,643	64,357,997
Accumulated depreciation and amortization	<u>(12,525,211)</u>	<u>(12,517,831)</u>
	<u>\$ 54,556,432</u>	<u>\$ 51,840,166</u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 totaled \$2,406,907 and \$2,144,232, respectively.

8. INVESTMENTS IN MARKETABLE SECURITIES AND FAIR VALUE DISCLOSURES

The following table sets forth by level, within the fair value hierarchy, the Food Bank's assets at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Government bonds	\$ 7,498,910	\$ -	\$ -	\$ 7,498,910
Corporate bonds	-	14,199,059	-	14,199,059
Equity fund	<u>8,972,722</u>	-	-	<u>8,972,722</u>
	<u>\$ 16,471,632</u>	<u>\$ 14,199,059</u>	<u>\$ -</u>	<u>\$ 30,670,691</u>

The following table sets forth by level, within the fair value hierarchy, the Food Bank's assets at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Corporate bonds	\$ -	\$ 13,489,894	\$ -	\$ 13,489,894
Equity fund	<u>7,486,403</u>	-	-	<u>7,486,403</u>
	<u>\$ 7,486,403</u>	<u>\$ 13,489,894</u>	<u>\$ -</u>	<u>\$ 20,976,297</u>

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8. INVESTMENTS IN MARKETABLE SECURITIES AND FAIR VALUE DISCLOSURES
 (continued)

Net investment income for the year consisted of the following:

	2024	2023
Net realized and unrealized gains	\$ 1,455,551	\$ 455,541
Interest and dividend income	2,089,701	1,434,068
	\$ 3,545,252	\$ 1,889,609

9. NOTE PAYABLE

San Francisco Food Bank filed and incorporated a limited liability company, "End Hunger, LLC" dated December 21, 2017 for the purpose of acquiring and holding a building located at 2550 Kerner Boulevard, San Rafael, California from Siesta Investments, LLC. Once the entity was incorporated, End Hunger, LLC entered into an operating agreement with San Francisco Food Bank dated December 21, 2017.

On January 4, 2018, End Hunger, LLC entered into a promissory note agreement, secured by the property, with Siesta Investments, LLC for the principal sum of \$6,000,000. During the year ended June 30, 2020, End Hunger, LLC entered into an amended and restated promissory note agreement with Siesta Investments, LLC to restructure the loan for the principal balance of \$5,717,178. The amended and restated note is secured by the property and bears interest of 1.6%. Interest only payments are due monthly commencing on January 1, 2020. The note matures on December 1, 2044 at which time a final payment in the aggregate amount of the then outstanding and unpaid loan amount, together with all accrued and unpaid interest is payable in full.

10. LEASES

The Food Bank leases its storage facilities under non-cancelable operating leases expiring in various years through 2029. The leases require monthly lease payments ranging from \$14,369 to \$20,876.

The components of lease cost as of June 30 were as follows:

	2024	2023
Operating lease cost	\$ 405,378	\$ 402,411

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10. LEASES (continued)

Future minimum lease payments under non-cancelable leases as of June 30, 2024 were as follows:

<u>Year ending June 30,</u>		
2025	\$	398,074
2026		393,032
2027		310,109
2028		240,856
2029		248,080
Thereafter		<u>78,804</u>
		1,668,955
Less: imputed interest		<u>(109,506)</u>
Operating lease liabilities, net of imputed interest		1,559,449
Current portion		<u>(357,703)</u>
		<u>\$ 1,201,746</u>

11. BOARD DESIGNATED NET ASSETS

Operating reserve

The Food Bank maintains a reserve to cover expected and unexpected expense needs or revenue shortfalls related to its annual operations. The operating reserve balance as of June 30, 2024 and 2023 was \$18 million and \$15 million, respectively.

Capacity, climate, and facilities reserve

The Food Bank maintains a reserve to cover costs arising from future capacity or expansion needs, climate change (e.g., energy efficiency and/or mitigation), significant building repairs and equipment replacement. The capacity, climate, and facilities reserve balance as of June 30, 2024 and 2023 was \$15 million, respectively.

Emergency response and recovery reserve

The Food Bank maintains a reserve to cover unexpected expense needs or revenue shortfall due to emergency response and recovery efforts associated with natural, technological, man-made, and/or economic emergencies. The emergency response and recovery reserve balance as of June 30, 2024 and 2023 was \$14.5 million and \$22 million, respectively.

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11. BOARD DESIGNATED NET ASSETS (continued)

Capital expansion reserve

The Food Bank maintains a reserve to cover costs associated with completing the expansion efforts already underway at its existing facilities in San Francisco and Marin. The capital expansion reserve balance as of June 30, 2024 and 2023 was \$3 million and \$5 million, respectively.

Innovation fund reserve

The Food Bank maintains a reserve to cover costs associated with transformation efforts such as Community Markets. The reserve was funded in 2024, with balance of \$7.5 million.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2024	2023
Purpose restrictions		
Site development	\$ 689,615	\$ 1,422,651
Special projects	<u>4,103,347</u>	<u>556,659</u>
	4,792,962	1,979,310
Time restrictions		
General support for future periods	<u>-</u>	<u>47,500</u>
	<u>\$ 4,792,962</u>	<u>\$ 2,026,810</u>

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

	2024	2023
Purpose restrictions		
Site development	\$ 1,183,037	\$ 29,808,257
Special projects	<u>4,609,118</u>	<u>1,886,990</u>
	5,792,155	31,695,247
Time restricted	<u>47,500</u>	<u>247,500</u>
	<u>\$ 5,839,655</u>	<u>\$ 31,942,747</u>

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13. SHARED MAINTENANCE FEES

The Food Bank receives fees from participating agencies to assist in the costs of distributing food. These shared maintenance fees are based upon predetermined rates from \$0 to \$0.18 per pound or an average of \$0.003 per pound for the years ended June 30, 2024 and 2023, respectively. Total shared maintenance fees during the years ended June 30, 2024 and 2023, totaled \$204,478 and \$175,011, respectively.

14. CONTRIBUTIONS IN-KIND

The estimated fair value of donated food, equipment, rent, expert services, and supplies received are recorded as contributions. Donated services and rent recognized are valued at the estimated fair value of current rates for similar professional services and rent of similarly sized and located properties. Donated equipment and supplies are valued based on estimates of wholesale values that would be paid for purchasing similar products. All donated services and goods are utilized by the Food Bank for program services, management and general and fundraising purposes.

Contributions in-kind for the year ended June 30 are as follows:

	2024	2023
Government support - in-kind food		
Food - government	<u>\$ 29,120,252</u>	<u>\$ 15,307,426</u>
Contributions in-kind - non-government		
Food - non-government	90,369,369	91,382,134
Outside services	2,095,756	1,979,274
Miscellaneous	390,311	307,174
Donated rent	-	31,488
Equipment	81,814	-
	<u>92,937,250</u>	<u>93,700,070</u>
Total contributions in-kind	<u>\$ 122,057,502</u>	<u>\$ 109,007,496</u>

The Food Bank also receives donated services that do not require specific expertise but which are nonetheless central to the Food Bank's operations. The Food Bank relies on volunteers from the community to sort, glean, and repack donated food. The estimated value of these services for the years ended June 30, 2024 and 2023, which were based on the estimated dollar value of volunteer time calculated using the San Francisco Minimum Compensation Ordinance (MCO) rate of \$18.93 and \$17.90 per hour, respectively, and Marin County's Living Wage Ordinance rate of \$17.40 and \$16.40 per hour for the years ended June 30, 2024 and 2023, respectively, amounted to \$2,545,539 and \$2,692,634, respectively. In accordance with accounting principles generally accepted in the United States of America, the value of these services is not reflected in the consolidated financial statements.

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15. RETIREMENT PLAN

The Food Bank provides retirement benefits to its employees through an annuity thrift plan. The Food Bank contributes 3% of salary to the plan for all eligible employees and matches up to an additional 3% for employees who make contributions. Employees are eligible to begin making contributions immediately upon hire regardless of age. Employees are eligible for the employer matching contributions after one year of service. Employer contributions to the plan for the years ended June 30, 2024 and 2023 totaled \$1,137,897 and \$958,911, respectively.

16. CONFLICT OF INTEREST

Included among the Food Bank's Board of Directors and Officers are volunteers from the community who provide valuable assistance to the Food Bank in the development of policies and programs and in the evaluation of business transactions. The Food Bank has adopted a conflict of interest policy whereby board members are disqualified from participation in the final decisions regarding any action affecting their related company or organization.

17. COMMITMENTS AND CONTINGENCIES

Grants and contracts

Grants and contracts awarded to San Francisco Food Bank are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, the Food Bank could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

Legal proceedings

The Food Bank is engaged in certain legal and administrative proceedings in the normal course of its operations. While it is not possible to determine the ultimate outcome of these matters at this time, management believes that any liabilities from such proceedings, or claims that are pending or known to be threatened, will not have a material adverse effect on the Food Bank's financial condition, results of activities, or cash flows.

18. LIQUIDITY

As part of the Food Bank's liquidity management it has a policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations come due.

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18. LIQUIDITY (continued)

As part of this policy, the Food Bank holds a balance of cash, receivables, and securities that can be readily liquidated to pay for operating needs. Long-term investments consist of funds invested in equity instruments.

The Food Bank expects that accounts receivable from program service fee revenue will be collected and available within 90 days of the fiscal year end.

Short-term contributions receivable consists of grants and pledges receivable expected to be received within one year from June 30, 2024 and 2023. Unrestricted short-term grants and pledges receivable will be available to support general operations of the Food Bank.

The following is a quantitative disclosure which describes assets that are available within one year to fund general expenditures and other obligations when they become due:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 35,807,801	\$ 41,353,740
Investments in marketable securities	30,670,691	20,976,297
Accounts receivable from affiliated agencies	69,185	22,074
Government grants receivable	1,221,565	1,706,201
Pledges receivable, net	4,669,561	2,793,680
	72,438,803	66,851,992
Less: amounts unavailable for general expenditures within one year		
Long-term investments	(8,972,722)	(7,486,403)
Net assets with purpose restrictions	(4,792,962)	(1,979,310)
	(13,765,684)	(9,465,713)
	\$ 58,673,119	\$ 57,386,279