



Feeding San Diego

Financial Statements and
Compliance Reports

Years Ended June 30, 2024 and 2023



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INDEPENDENT AUDITORS' REPORT

To the Audit Committee
Feeding San Diego
9477 Waples Street, Suite 100
San Diego, CA 92121

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Feeding San Diego** (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material



misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

CBIZ CPAs P.C.

San Diego, California
April 2, 2025

Feeding San Diego

Statements of Financial Position

<i>June 30,</i>	2024	2023
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 6,712,099	\$ 5,233,971
Accounts receivable	548,774	259,877
Pledges receivable	4,045	50,000
Inventory	646,181	738,311
Prepaid expenses	347,453	254,280
Total current assets	8,258,552	6,536,439
Property and Equipment, at Net Book Value	4,895,513	4,308,506
Operating Lease Right of Use Asset, Net of Amortization	1,807,209	2,353,944
Finance Lease Right of Use Asset, Net of Amortization	79,427	111,103
Deposits	81,459	81,459
Total Assets	\$ 15,122,160	\$ 13,391,451
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 126,075	\$ 292,878
Accrued expenses	862,787	911,975
Short term operating lease liability	668,679	569,526
Short term finance lease liability	34,405	28,327
Total current liabilities	1,691,946	1,802,706
Deferred Revenue	679,479	1,351,005
Operating Lease Liability, Less Current Portion	1,494,809	2,195,405
Finance Lease Liability, Less Current Portion	33,835	76,804
Total Liabilities	3,900,069	5,425,920
Net Assets		
Without donor restrictions	9,831,773	6,529,515
With donor restrictions	1,390,318	1,436,016
Total Net Assets	11,222,091	7,965,531
Total Liabilities and Net Assets	\$ 15,122,160	\$ 13,391,451

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

Feeding San Diego

Statements of Activities and Changes in Net Assets

<i>Years Ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Support and Revenue:				
Community Support:				
Rescued and donated food	\$ 62,928,790	\$ -	\$ 62,928,790	\$ 63,817,137
Grants and awards	2,385,904	684,019	3,069,923	3,348,643
Federal awards	956,105	-	956,105	1,367,748
Contributions	14,513,344	-	14,513,344	12,275,881
Total Community Support	80,784,143	684,019	81,468,162	80,809,409
Program Service Fees	519,796	-	519,796	187,460
Subsidies	26,845	-	26,845	145,369
Other Income	365,332	-	365,332	29,871
Net Assets Released from Restrictions	729,717	(729,717)	-	-
Total Support and Revenue	82,425,833	(45,698)	82,380,135	81,172,109
Expenses:				
Program:				
Program expenses	72,183,758	-	72,183,758	81,261,076
Total Program	72,183,758	-	72,183,758	81,261,076
Support:				
General and administrative	4,693,239	-	4,693,239	3,983,219
Development	2,238,452	-	2,238,452	2,213,660
Total Support	6,931,691	-	6,931,691	6,196,879
Total Expenses	79,115,449	-	79,115,449	87,457,955
Other Expenses:				
Interest expense	8,126	-	8,126	9,377
Total Other Expenses	8,126	-	8,126	9,377
Changes in Net Assets	3,302,258	(45,698)	3,256,560	(6,295,223)
Total Net Assets, Beginning of Year	6,529,515	1,436,016	7,965,531	14,260,754
Total Net Assets, End of Year	\$ 9,831,773	\$ 1,390,318	\$ 11,222,091	\$ 7,965,531

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

Feeding San Diego

Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Community Support:			
Rescued and donated food	\$ 63,817,137	\$ -	\$ 63,817,137
Grants and awards	2,650,379	698,264	3,348,643
Federal awards	1,367,748	-	1,367,748
Contributions	12,275,881	-	12,275,881
Total Community Support	80,111,145	698,264	80,809,409
Program Service Fees	187,460	-	187,460
Subsidies	145,369	-	145,369
Other Income	29,871	-	29,871
Net Assets Released from Restrictions	1,149,927	(1,149,927)	-
Total Support and Revenue	81,623,772	(451,663)	81,172,109
Expenses:			
Program:			
Program expenses	81,261,076	-	81,261,076
Total Program	81,261,076	-	81,261,076
Support:			
General and administrative	3,983,219	-	3,983,219
Development	2,213,660	-	2,213,660
Total Support	6,196,879	-	6,196,879
Total Expenses	87,457,955	-	87,457,955
Other Expenses:			
Interest expense	9,377	-	9,377
Total Other Expenses	9,377	-	9,377
Changes in Net Assets	(5,843,560)	(451,663)	(6,295,223)
Total Net Assets, Beginning of Year	12,373,075	1,887,679	14,260,754
Total Net Assets, End of Year	\$ 6,529,515	\$ 1,436,016	\$ 7,965,531

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

Feeding San Diego

Statements of Functional Expenses

<i>Years Ended June 30,</i>	Program Expenses	General and Administrative	Development	2024 Total Expenses	2023 Total Expenses
Rescued and donated food	\$ 63,066,244	\$ -	\$ -	\$ 63,066,244	\$ 63,741,507
Salaries	2,743,888	1,595,548	1,056,388	5,395,824	6,316,486
Food procurement	3,493,045	-	-	3,493,045	9,531,457
Depreciation	-	1,168,550	-	1,168,550	891,168
Public relations and marketing	-	796,055	-	796,055	642,556
Employee benefits	141,300	224,030	429,726	795,056	739,584
Professional services	635,690	78,480	70,632	784,802	992,995
Amortization	-	578,412	-	578,412	-
Fundraising expenses	-	-	381,015	381,015	517,386
Utilities	294,049	36,302	32,672	363,023	314,942
Rent and common area maintenance charges	274,402	33,877	30,489	338,768	926,809
Computer expenses	241,548	29,821	26,839	298,208	224,389
Vehicle expenses	270,148	-	-	270,148	321,917
Equipment rental	189,751	23,426	21,083	234,260	457,581
Supplies	188,241	15,114	20,916	224,271	355,510
Insurance	144,155	17,797	16,017	177,969	113,224
Bank fees and service charges	113,028	13,954	12,559	139,541	132,773
Training and education	111,597	13,777	12,400	137,774	112,712
Outside services	21,332	33,822	64,877	120,031	236,514
Postage and printing	68,913	8,508	7,657	85,078	136,575
Miscellaneous expenses	65,196	4,955	7,246	77,397	10,776
Dues and subscriptions	53,855	6,649	5,984	66,488	170,414
Travel	44,373	5,478	4,930	54,781	57,027
Special events	-	8,684	37,022	45,706	28,993
Programs - grants and support	23,003	-	-	23,003	484,660
Total Functional Expenses	\$ 72,183,758	\$ 4,693,239	\$ 2,238,452	\$ 79,115,449	\$ 87,457,955

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

Feeding San Diego

Statement of Functional Expenses

<i>Year Ended June 30, 2023</i>	Program Expenses	General and Administrative	Development	Total Expenses
Rescued and donated food	\$ 63,741,507	\$ -	\$ -	\$ 63,741,507
Food procurement	9,531,457	-	-	9,531,457
Salaries	3,414,048	1,779,851	1,122,587	6,316,486
Professional services	804,327	99,299	89,369	992,995
Rent and common area maintenance charges	739,218	88,859	98,732	926,809
Depreciation	-	891,168	-	891,168
Employee benefits	399,744	208,399	131,441	739,584
Public relations and marketing	-	642,556	-	642,556
Fundraising expenses	-	-	517,386	517,386
Programs - grants and support	484,660	-	-	484,660
Equipment rental	370,641	45,758	41,182	457,581
Supplies	295,558	27,112	32,840	355,510
Vehicle expenses	321,917	-	-	321,917
Utilities	255,103	31,494	28,345	314,942
Outside services	127,835	66,645	42,034	236,514
Computer expenses	181,755	22,439	20,195	224,389
Dues and subscriptions	138,036	17,041	15,337	170,414
Postage and printing	110,625	13,658	12,292	136,575
Bank fees and service charges	107,546	13,277	11,950	132,773
Insurance	91,712	11,322	10,190	113,224
Training and education	91,297	11,271	10,144	112,712
Travel	46,192	5,703	5,132	57,027
Special events	-	5,367	23,626	28,993
Miscellaneous expenses	7,898	2,000	878	10,776
Total Functional Expenses	\$ 81,261,076	\$ 3,983,219	\$ 2,213,660	\$ 87,457,955

The accompanying notes are an integral part of these financial statements. **9**

Feeding San Diego

Statements of Cash Flows

<i>Years Ended June 30,</i>	2024	2023
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 3,256,560	\$ (6,295,223)
Noncash Items Included in Change in Net Assets:		
Depreciation	1,168,550	891,168
Inventory - rescued and donated food	129,100	(357,644)
Changes in:		
Accounts receivable	(288,897)	727,590
Pledges receivable	45,955	100,000
Inventory	(36,970)	858,140
Prepaid expenses	(93,173)	(30,787)
Deposits	-	50,000
Accounts payable	(249,070)	(11,377)
Accrued expenses	(49,188)	(871,787)
Deferred revenue	(671,526)	1,351,005
Operating lease right of use asset and liability, net	(23,032)	489,172
Deferred rent and lease incentive liability	-	(532,407)
Net Cash From Operating Activities	3,188,309	(3,632,150)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(1,673,290)	(1,471,358)
Net Cash From Investing Activities	(1,673,290)	(1,471,358)
Cash Flows From Financing Activities:		
Capital lease payments	(36,891)	(94,654)
Net Cash From Financing Activities	(36,891)	(94,654)
Net change in cash and cash equivalents	1,478,128	(5,198,162)
Cash and cash equivalents, Beginning of Year	5,233,971	10,432,133
Cash and cash equivalents, End of Year	\$ 6,712,099	\$ 5,233,971
Non-cash Financing Activities:		
Right-of-use asset acquired in exchange for lease liabilities	\$ -	\$ 2,891,547
Vehicle acquired through accounts payable	\$ 82,267	\$ -

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

(1) Nature of Operations and Summary of Significant Accounting Policies

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Nature of operations

Established in 2007, Feeding San Diego ("Feeding San Diego" or "the Organization") is a nonprofit organization funded by philanthropic and community support and dedicated to connecting every person facing hunger with nutritious meals by maximizing food rescue. Operating as an independent nonprofit, Feeding San Diego is a member of Feeding America, the largest domestic hunger-relief organization in the United States.

Program services

Feeding San Diego serves people facing hunger through multiple programs, each focusing on a distinct population, to support an overarching vision of a hunger-free and healthy San Diego.

Feeding Families Initiative: Feeding San Diego provides healthy meals to families across the county through direct-to-client distributions and partner agencies who operate their own soup kitchens, food pantries, and hunger-relief programs.

Feeding Kids Initiative: Feeding San Diego serves children, youth, and their families facing hunger through a variety of distributions at their schools, afterschool activities, and summer programs.

Feeding Heroes Initiative: Feeding San Diego provides nutritious food to active-duty military and veteran households facing hunger through community partner distributions and direct-to-client programs.

Feeding Seniors Initiative: Feeding San Diego serves seniors through distributions at direct service sites, senior-housing complexes, partner agencies, and a meal-delivery partnership with Meals on Wheels.

In addition to direct service and community partnerships, Feeding San Diego operates a variety of outreach programs to help vulnerable people facing hunger to access food assistance and public benefits.

Basis of accounting and presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). References to the ASC hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Basis of accounting and presentation, cont'd

Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net Assets without Donor Restrictions - Net assets of the Organization that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net Assets with Donor Restrictions - Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

As of June 30, 2024 and 2023, net assets without donor restrictions were \$9,831,773 and \$6,529,515, and net assets with donor restrictions were \$1,390,318 and \$1,436,016, respectively.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of reporting cash flows, cash includes petty cash funds, bank checking accounts used for operating purposes, and investments with maturities of three months or less from the original purchase dates.

Accounts receivable

Accounts receivable represent amounts due from affiliated agencies and are stated at the amount that the Organization expects to collect for partner agency income and federally funded programs administered by states. Provision for losses on receivables is made when considered necessary to maintain an adequate allowance for credit losses. Receivables are charged when the Organization determines that payments will not be received. Any subsequent receipts are credited to the allowance. There was no allowance for credit losses at June 30, 2024 and 2023. There is no expense associated with the allowance for credit losses for the year ended June 30, 2024. The expense associated with the allowance for credit losses for the year ended June 30, 2023 was \$1,025.

Pledges receivable

Pledges represent unequivocal commitments to contribute to the Organization's initiatives and are recognized as revenue upon actual receipt. As of June 30, 2024 and 2023, the Organization had \$4,045 and \$50,000 in pledges receivable, respectively, and are fully collectible. Accordingly, there were no allowances for doubtful pledges.

Inventory

Inventory consists of rescued and donated, nongovernment food and grocery items, purchased food, and emergency food boxes stored in the event of a disaster. Rescued and donated food for the years ended June 30, 2024 and 2023, was valued at \$1.97 and \$1.93 per pound, respectively, based on an annual cost study conducted for Feeding America's national office. Purchased food is valued at its historical cost.

Property and equipment

Property and equipment are recorded at cost or estimated fair value if the items are donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from three to six years for vehicles, office furniture, and equipment, and the lesser of the lease term or the estimated useful life for cold storage and leasehold improvements. Equipment purchases over \$1,000 are capitalized. Depreciation 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. Depreciation expense for the years ended June 30, 2024 and 2023, amounted to \$1,168,550 and \$891,168 respectively.

Long-lived assets and asset impairment

The Organization accounts for impairment and disposition of long-lived assets in accordance with FASB ASC 360-10, Property, Plant, and Equipment. FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amounts. At June 30, 2024 and 2023, no impairment losses have been recorded.

Accrued paid time off

Accrued paid time off represents time earned but not taken as of June 30. The maximum paid time off that can be accrued and carried over to next year is 240 hours. The accrued paid time off balances as of June 30, 2024 and 2023, were \$389,535 and \$370,183, respectively, and have been included in accrued expenses in the accompanying statements of financial position.

Revenue recognition

In accordance with FASB ASC 958-605, Revenue Recognition, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give at June 30, 2024 and 2023.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose

Revenue recognition, cont'd

restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

In-Kind Contributions – The Organization received \$14,913 and \$0 of In-Kind contributions, respectively in fiscal years 2024 and 2023.

The value allocated to rescued and donated food for the years ended June 30, 2024 and 2023, were at \$1.97 and \$1.93 per pound, respectively, based on an annual cost study conducted for Feeding America's national office. Donated equipment and other goods are recorded at their estimated fair market value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time services are rendered. The Organization also receives donated services that do not require specific expertise, but which are nonetheless central to the Organization's operations. These contributed services are not reflected in the financial statements.

Program Service Fees - The Organization receives fees from participating agencies to assist in the costs of distributing food. These fees are based on predetermined rates from \$0 to \$0.19 per pound or an average of \$0.014 per pound. Total shared maintenance fees for the years ended June 30, 2024 and 2023, were \$519,796 and \$187,460, respectively, and these are included in the statement of activities.

Government grants

Amounts received from grants and contracts are not reported as revenue until the resources are expended for the purpose specified or until a stipulated time restriction ends. The Organization has contracts with the city, state, and federal agencies to provide a variety of program services to the public based on contract requirements, including procurement, reimbursement, staffing, and other requirements. These program services range from food procurement, employee severance, hunger relief programs, etc. These contracts from government agencies were determined to be conditional contributions and are recorded as revenue as the conditions are met, which is generally, when the related expenditure is incurred over the period the service is provided. As these are generally non-exchange contracts, amounts for billed unpaid services are included in contributions receivable in the accompanying statement of financial position. Advances are recorded as deferred revenue upon receipt. As of June 30, 2024 and 2023, the Organization had a balance of \$679,479 and \$1,351,005, respectively, as cash advance, not yet expended and therefore, was recorded as deferred revenue at year end.

Funding sources may, at their discretion, request reimbursement for expenses or returns of funds, or both, because of noncompliance by the Organization with the terms of the grants or contracts. Additionally, if the Organization terminates its activities, all unearned revenue amounts are to be returned to the funding sources.

Government grants, cont'd

The Organization has received various governmental grants that are conditional in nature and the revenue can only be recognized once funds have been spent on qualifying costs. As of June 30, 2024 and 2023, the remaining amount of conditional promises to give under these governmental grants totaled \$9,365,189 and \$11,131,309, respectively.

Functional allocation of expenses

The costs of providing the programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Certain categories of expenses that are attributable to more than one function of the Organization require allocation on a reasonable basis that is consistently applied. Expenses are allocated in the following ways. Labor expenses are allocated on a pro rata share of work done whether it is for programs, general and administrative, or development departments. Occupancy expenses are allocated on a pro rata share of square footage of the building depending on each functional area.

Fundraising costs

For the years ended June 30, 2024, and 2023, the Organization conducted fundraising activities that included appeals for contributions and incurred costs of \$381,015 and \$517,386, respectively. For the years ended June 30, 2024 and 2023, these activities included costs from direct mail campaigns totaling \$342,740 and \$425,389, respectively, and donor recognition costs totaling \$22,181 and \$9,096 respectively. Additionally for the years ended June 30, 2024 and 2023, special event costs totaled \$45,706 and \$28,993 respectively.

Public relations and marketing costs

Public relations and marketing costs are charged to operations when incurred. Public relations and marketing costs charged to operations for the years ended June 30, 2024 and 2023, totaled \$796,055 and \$642,556, respectively.

Special events

To increase awareness and affinity towards the Organization now and in the future, four events were conducted during the year ended June 30, 2024 and three events were conducted during the year ended June 30, 2023. During 2024, there were two ticketed fundraising events called Pairings with a Purpose in which Feeding San Diego hosted approximately 100 guests respectively and raised funds to support the Organization's mission. The other two events were informational stewardship events focused on current impact and sharing how donors could consider leaving the Organization as a beneficiary in their wills or estate plans. All four events served as tools to increase awareness of hunger relief and the impact of the Organization's mission. During 2023, the first event was a stewardship and cultivation event that was complimentary and served as an update on the Organization's impact and encouraged continued support of the mission, with an appeal to continue support with year-end giving. The second was a ticketed fundraising event, Pairings with a Purpose, that hosted approximately 100 guests and raised funds to support the Organization's mission. The

Special events, cont'd

third event was a luncheon to cultivate relationships with donors who are considering leaving the Organization as a beneficiary in their wills or estate plans. All three events served as tools to increase awareness of hunger relief and the impact of the Organization's mission.

Income taxes

The Organization is recognized as tax exempt under Section 501 (c) (3) of the Internal Revenue Code and the corresponding state code and is classified as an organization other than a private foundation. Accordingly, there is no provision for income taxes in the accompanying financial statements.

The Organization recognizes the tax benefit associated with tax taken for tax return purposes when it is more likely than not that the position will be sustained. The Organization does not believe that there are any material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties.

Recent accounting pronouncement – adopted

On July 1, 2023, the Organization adopted ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. Financial assets held by the Organization that are subject to this guidance were accounts receivable. The Organization adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost.

The adoption did not have a material impact on the Organization's financial statements or disclosures. Results for periods reporting beginning after and July 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP.

(2) Liquidity

The Organization's financial assets available for general expenditure (that is, without donor or other restrictions limiting their use), within one year of the statement of financial position date, are as follows as of June 30:

	2024
Cash and cash equivalents	\$ 6,712,099
Cash available to meet general expenditures	6,712,099
Accounts receivable	548,774
Pledges receivable	4,045
Total Financial Assets Available to Meet General Expenditures within One Year	\$ 7,264,918

Feeding San Diego

Notes to Financial Statements

(3) Inventory

Inventory consists of the following at June 30:

	2024	2023
Rescued and donated food	\$ 488,541	\$ 613,869
Purchased commodities	157,640	124,442
Total Inventory	<u>\$ 646,181</u>	<u>\$ 738,311</u>

(4) Property and Equipment

At June 30, property and equipment consist of the following:

	2024	2023
Building Improvements	\$ 1,381,843	\$ 1,349,577
Equipment & Software	6,781,335	5,076,894
Furniture and Fixtures	105,300	105,300
Construction in Progress	459,478	440,628
Total Property and Equipment, at Cost	<u>8,727,956</u>	<u>6,972,399</u>
Less: Accumulated depreciation	<u>(3,832,443)</u>	<u>(2,663,893)</u>
Property and Equipment, at Net Book Value	<u>\$ 4,895,513</u>	<u>\$ 4,308,506</u>

(5) Employee Benefit Plan

The Organization has a qualified defined benefit contributory 401(k) plan, whereby eligible employees may contribute a percentage of compensation, and the Organization contributes a discretionary match. For the years ended June 30, 2024 and 2023, employer contributions were \$110,513 and \$110,146, respectively. 401(k) Plan administrative expenses for the years ended June 30, 2024 and 2023, were approximately \$7,702 and \$6,866, respectively.

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of future expenditures for various programs, initiatives, and asset purchases. Net assets with donor restrictions as of June 30, 2024 and 2023, consist of the following:

	2024	2023
Capacity Building	\$ 251,913	\$ 737,752
Food Purchases	931,723	500,000
General Organizational Assistance	2,000	146,181
Military Family Program	62,500	52,083
School Pantry Program	27,421	-
SNAP Application Assistance & Capacity	428	-
Mobile Pantry Program	114,333	-
Total Net Assets with Donor Restrictions	<u>\$ 1,390,318</u>	<u>\$ 1,436,016</u>

(7) Conflict of Interest

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

(8) Risks and Uncertainties

The Organization maintains cash balances at one financial institution. At June 30, 2024, accounts at this institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. The Organization's cash balances at this institution in excess of federally insured limits at June 30, 2024 and 2023, totaled approximately \$5,884,106 and \$4,612,546, respectively.

(9) Related Party Transactions

During the years ended June 30, 2024 and 2023, the Organization received \$257,105 and \$167,155, respectively, in giving from members of the Board of Directors. Also, a member of the Board of Directors is a member of the Board of Directors of a certain donor. This donor provided \$3,260,000 and \$4,050,000, of contributions during the years ended June 30, 2024 and 2023, respectively.

(10) Operating and Finance Leases

Finance leases

The Organization periodically enters into finance leases, which are reported as assets, property and equipment, and lease obligations in the accompanying financial statements. Property and equipment under finance leases include trucks and printers, which totaled \$79,427 and \$111,103 as of June 30, 2024 and 2023, respectively. Amortization expense related to these property and equipment, under finance lease, was \$32,137 and \$27,995 for the years ended June 30, 2024 and 2023, respectively.

Future minimum lease payments under finance leases together with the present value of the lease payments are as follows:

<i>Year Ending June 30,</i>	
2025	\$ 39,120
2026	24,847
2027	6,000
2028	4,500
Total minimum lease payments	74,467
Amount representing interest	(6,227)
Present value of minimum lease payments	68,240
Less current portion	(34,405)
Long-term portion	\$ 33,835

Finance leases, cont'd

As of June 30, 2024 and 2023, the weighted-average remaining lease term for the Organization's finance leases was 2.20 and 3.13 years, respectively. As of June 30, 2024, the weighted-average discount rate for finance leases was 10.07%.

Operating leases

The Organization leases office space under operating leases, which is accounted in accordance ASC 842, *Lease*. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

Right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

<i>Year Ending June 30,</i>	
2025	\$ 722,459
2026	744,132
2027	766,456
2028	32,111
Total minimum lease payments	2,265,158
Amount representing interest	(101,670)
Present value of minimum lease payments	2,163,488
Less current portion	(668,679)
Long-term portion	\$ 1,494,809

As of June 30, 2024 and 2023, the weighted-average remaining lease term for the Organization's operating leases was 3.08 and 4.08 years, respectively. As of June 30, 2024, the weighted-average discount rate for the Organization's operating leases was 2.88%.

Amortization of the Organization's operating lease right-of-use assets was \$546,735 and \$537,603 during the years ended June 30, 2024 and 2023, respectively. The Organization's total operating lease expense was approximately \$701,417 and \$680,987 for the years ended June 30, 2024 and 2023, respectively.

(11) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of April 2, 2025 which is the date the financial statements were available to be issued.

Supplemental Schedules

Feeding San Diego

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/Pass-Through Agency/Program	Federal	Pass-Through		
	Assistance Listing Number	Entity Identifying Number	Federal	Expenditures
Department of Agriculture				
Pass-through from State of California Department of Education Nutrition Services Division Summer Food Service Program for Children (SFSPC)	10.559	04127-SFSP-37	\$	120,244
Pass-through from the State of California Department of Human Services for Supplemental Nutrition Assistance Program (SNAP), also known as the CalFresh Program in California	10.561	21-7024-CFOP		79,238
<i>Total Department of Agriculture</i>			\$	199,482
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds				
Pass-through from the County of San Diego to support community food security and food sovereignty for low-income communities with limited access in the San Diego region	21.027	566053		702,555
Total Expenditures of Federal Awards			\$	902,037

See accompanying Independent Auditors' Report and notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards

(1) Nature of Organization

Established in 2007, Feeding San Diego (the Organization) is a nonprofit organization funded by philanthropic and community support, dedicated to connecting every person facing hunger with nutritious meals by maximizing food rescue. Operating as an independent nonprofit, Feeding San Diego is a member of Feeding America, the largest domestic hunger-relief organization in the United States.

(2) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Feeding San Diego under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Feeding San Diego, it is not intended to and does not present the financial position, changes in net assets or cash flows of Feeding San Diego.

(3) Summary of Significant Accounting Policies

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Amounts passed through to subrecipients are reported on the Schedule when the disbursement is made to the subrecipient.



INDEPENDENT AUDITORS' REPORT

To the Audit Committee
Feeding San Diego
9477 Waples Street, Suite 100
San Diego, CA 92121

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the Schedule of Expenditures of Federal Awards of **Feeding San Diego** (the "Organization"), for the year ended June 30, 2024, and the related notes to the Schedule of Expenditures of Federal Awards ("the Schedule").

In our opinion, the accompanying schedule of expenditures of federal awards referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Feeding San Diego, as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the *Organization* 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 opinions.

We are required to be independent of the Organization 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 Schedule

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

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore



is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, 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 Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

CBIZ CPAs P.C.

San Diego, California
April 2, 2025



Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Audit Committee
Feeding San Diego
9477 Waples Street, Suite 100
San Diego, CA 92121

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Feeding San Diego's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether to do with fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in



accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. As discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



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

CBIZ CPAs P.C.

San Diego, California
April 2, 2025

Feeding San Diego

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Section 1

Summary of Auditors' Results

Financial Statements

- | | |
|---|------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | Yes |
| 2. Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 4. Identification of major federal programs: | |

Assistance Listing Number

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | No |

Feeding San Diego

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Section 2

Financial Statement Findings

None noted

Section 3

Federal Award Findings and Questioned Costs

Finding Number 2024-001: Activities Allowed and Unallowed/Allowable Cost Principles/Reporting

Identification of federal program

21.027 Coronavirus State and Local Fiscal Recovery Funds

Criteria or Specific Requirement

Per Part 6 of the Compliance Supplement, controls need to be designed such that they would prevent or detect potential noncompliance. Management should implement control activities through policies.

Condition

The Organization did not obtain all signatures for dual signature process for the reception of food boxes and backpacks which would include the delivery driver signature and the receiver/site signature.

Effect

The occurrence of the delivery and reception of the backpacks is not documented which can lead to possibility of errors on the Schedule of Expenditures of Federal Awards.

Questioned Costs

None noted.

Context

The condition noted above was identified during the audit procedures related to reporting compliance requirement.

Identification as a Repeat Finding

Repeat finding.

Recommendation

The Organization create a formal process to ensure the controls being implemented are documented.

Views of Responsible Officials

Management agrees with the finding and observation.