

CALIFORNIA ASSOCIATION OF FOOD BANKS

Financial Statements
With Independent Auditor's Report
and
Federal Awards
In Accordance with the Uniform Guidance

Year Ended December 31, 2024

CALIFORNIA ASSOCIATION OF FOOD BANKS

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Federal Awards	
Independent Auditor's Report on Supplemental Information	14
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	19
Schedule of Findings and Questioned Costs	22
Auditee Summary Schedule of Prior Audit Findings	24

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Association of Food Banks
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California Association of Food Banks (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Association of Food Banks as of December 31, 2024, and the changes in its net assets and its 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 California Association of Food Banks and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 California Association of Food Banks' ability to continue as a going concern within one year after the date that the 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 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 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of California Association of Food Banks' 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 California Association of Food Banks' 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 August 26, 2025 on our consideration of California Association of Food Banks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California Association of Food Banks' 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 California Association of Food Banks' internal control over financial reporting and compliance.



Ontario, California
August 26, 2025

CALIFORNIA ASSOCIATION OF FOOD BANKS

Statement of Financial Position

December 31, 2024

ASSETS:

Current assets:

Cash and cash equivalents	\$ 12,514,921
Accounts receivable	5,391,838
Grants and contracts receivable	8,392,340
Prepaid expenses and other assets	212,168
Board designated cash	<u>2,500,000</u>
	29,011,267

Operating leases right-of-use asset	1,651,276
Property and equipment–net	<u>120,549</u>

Total Assets	<u><u>\$ 30,783,092</u></u>
--------------	-----------------------------

LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable	\$ 3,971,511
Accrued liabilities	3,103,784
Refundable advances	2,824,165
Operating lease obligations–current	<u>373,146</u>
	10,272,606

Operating lease obligations	<u>1,442,575</u>
-----------------------------	------------------

Total liabilities	<u>11,715,181</u>
-------------------	-------------------

Net assets:

Without donor restrictions:

Board designation for operating	2,500,000
Undesignated funds	<u>15,503,705</u>
	18,003,705

With donor restrictions	<u>1,064,206</u>
-------------------------	------------------

Total net assets	<u>19,067,911</u>
------------------	-------------------

Total Liabilities and Net Assets	<u><u>\$ 30,783,092</u></u>
----------------------------------	-----------------------------

See notes to financial statements

CALIFORNIA ASSOCIATION OF FOOD BANKS

Statement of Activities

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Farm to Family:			
Farm to Family sales	\$ 81,416,110	\$ -	\$ 81,416,110
Less: Produce expense and transportation	(80,335,720)	-	(80,335,720)
	1,080,390	-	1,080,390
Governmental grants	24,897,240	-	24,897,240
Contributions	286,727	858,350	1,145,077
Membership dues	675,018	-	675,018
Other income	723,495	-	723,495
	27,662,870	858,350	28,521,220
Revenue released from restriction:			
Restricted by purpose	911,668	(911,668)	-
Restricted by time	875,664	(875,664)	-
	1,787,332	(1,787,332)	-
Total Support and Revenue	29,450,202	(928,982)	28,521,220
EXPENSES:			
Program services	29,070,973	-	29,070,973
Supporting activities:			
General and administrative	530,690	-	530,690
Fundraising	752,449	-	752,449
Total Expenses	30,354,112	-	30,354,112
Change in Net Assets	(903,910)	(928,982)	(1,832,892)
Net Assets, Beginning of Year	18,907,615	1,993,188	20,900,803
Net Assets, End of Year	\$ 18,003,705	\$ 1,064,206	\$ 19,067,911

See notes to financial statements

CALIFORNIA ASSOCIATION OF FOOD BANKS

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services					Supporting Activities			
	Food Distribution	CalFresh and Public Benefits Outreach	Communication and Member Engagement	Research and Public Policy	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	Total
Produce expense and transportation (cost of goods sold)	\$ 80,335,720	\$ -	\$ -	\$ -	\$ 80,335,720	\$ -	\$ -	\$ -	\$ 80,335,720
Program grants and subsidies	17,554,224	5,038,950	11,750	57,369	22,662,293	-	-	-	22,662,293
Salaries and benefits	2,286,686	792,762	377,584	868,073	4,325,105	356,324	390,254	746,578	5,071,683
Contract services	488,767	20,126	212,572	274,948	996,413	48,604	188,590	237,194	1,233,607
Office expenses	262,094	43,012	244,199	50,586	599,891	91,553	77,235	168,788	768,679
Occupancy	160,920	34,767	54,400	49,931	300,018	17,903	25,937	43,840	343,858
Travel	39,261	29,541	30,653	44,227	143,682	11,196	45,297	56,493	200,175
Other expenses	24,696	6,035	5,260	7,580	43,571	5,110	25,136	30,246	73,817
	<u>101,152,368</u>	<u>5,965,193</u>	<u>936,418</u>	<u>1,352,714</u>	<u>109,406,693</u>	<u>530,690</u>	<u>752,449</u>	<u>1,283,139</u>	<u>110,689,832</u>
Less: expenses presented against revenue and support									
Produce expense and transportation	<u>(80,335,720)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,335,720)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,335,720)</u>
Total Expenses	<u>\$ 20,816,648</u>	<u>\$ 5,965,193</u>	<u>\$ 936,418</u>	<u>\$ 1,352,714</u>	<u>\$ 29,070,973</u>	<u>\$ 530,690</u>	<u>\$ 752,449</u>	<u>\$ 1,283,139</u>	<u>\$ 30,354,112</u>

See notes to financial statements

CALIFORNIA ASSOCIATION OF FOOD BANKS

Statement of Cash Flows

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (1,832,892)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization expense	20,859
Net realized and unrealized investment gain	(142,430)
Operating lease expense	155,864
Change in operating assets and liabilities:	
Accounts receivable	2,606,744
Grants and contracts receivable	(4,917,907)
Prepaid expenses and other current assets	(2,816)
Accounts payable	(299,995)
Accrued liabilities	2,690,195
Refundable advances	459,173
Net Cash Used in Operating Activities	<u>(1,263,205)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Property and equipment purchases	(86,275)
Proceeds on sale of investments	10,052,224
Net Cash Provided by Investing Activities	<u>9,965,949</u>

Net Change in Cash, Cash Equivalents, and Board Designated Cash	8,702,744
---	-----------

Change in Cash, Cash Equivalents, and Board Designated Cash, Beginning of Year	<u>6,312,177</u>
--	------------------

Change in Cash, Cash Equivalents, and Board Designated Cash, End of Year	<u><u>\$ 15,014,921</u></u>
--	-----------------------------

SUPPLEMENTAL DISCLOSURES:

Right-of-use assets acquired under operating lease	<u><u>\$ 1,638,155</u></u>
--	----------------------------

SUMMARY OF CASH, CASH EQUIVALENTS, AND BOARD DESIGNATED CASH:

Cash and cash equivalents	\$ 12,514,921
Board designated cash	<u>2,500,000</u>
	<u><u>\$ 15,014,921</u></u>

See notes to financial statements

CALIFORNIA ASSOCIATION OF FOOD BANKS

Notes to Financial Statements

December 31, 2024

1. NATURE OF ORGANIZATION:

California Association of Food Banks ("the Organization") is a nonprofit public benefit corporation located in Oakland, California. Together with its 41-member food banks, the Organization is the largest charitable hunger relief and anti-hunger leader in the state. The Organization pursues its mission of ending hunger in California by securing food and food resources for its members and advocating for changes in the systems that perpetuate hunger.

In 2021 the Organization adopted a new strategic plan, centering its core priorities on removing barriers to food banks receiving increased volumes and varieties of fresh produce, becoming the leading source of information on food security in California, developing catalyst programs for food banks to serve hard-to-reach population, and advocating for anti-hunger legislation and sustained access to resources for food banks across the state.

With California's food insecurity rates surpassing pandemic rates during 2024, the Organization continued its focus on supplying food banks with healthy foods to support surge capacity operations; activating its advocacy leadership to secure historic access to food resources and infrastructure funding to build capacity for California's food banks; and supporting the statewide effort to enroll millions throughout the state in Supplemental Nutrition Assistance Program ("SNAP") applications and utilization.

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law(s). However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization is not classified as a private foundation within Section 509(a) of the IRC. The primary source of support and revenue are farm to family sales and contributions.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CALIFORNIA ASSOCIATION OF FOOD BANKS

Notes to Financial Statements

December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH, CASH EQUIVALENTS, AND BOARD DESIGNATED CASH

The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. As of December 31, 2024, the Organization has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$5,980,000.

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due from member food banks and contractors. Accounts receivable balances with charges over thirty days old are considered delinquent and management begins collection efforts at this time. Delinquent receivables do not accrue interest. The Organization continually monitors the credit worthiness of each receivable and recognizes allowances for credit losses on receivable balances that are no longer estimated to be collectible. The Organization adjusts any allowance for subsequent collections and final determination that a receivable is no longer collectible. There was no allowance considered necessary at December 31, 2024. Accounts receivable balance was \$5,391,838 and \$6,312,177 for December 31, 2024 and 2023, respectively.

GRANTS AND CONTRACTS RECEIVABLE

Government contracts receivable relates to reimbursements under government programs that have not been received from the respective government agency. The allowance for credit losses is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Based on management experience, all grants are fully collectible. Therefore, there is no allowance for credit losses. The Organization does not accrue interest on delinquent receivables. There is no bad debt expense for the year ended December 31, 2024. Grants receivable at December 31, 2023, totaled \$3,474,433.

OPERATING LEASE RIGHT-OF-USE ASSETS AND OBLIGATIONS

The Organization has contracts that contain the right to control the use of property and are therefore considered leases. The Organization records right-of-use assets and lease obligations on the statement of financial position for the rights and obligations created by leases with initial terms of more than twelve months. The Organization has elected to separate lease and non-lease components.

PROPERTY AND EQUIPMENT-NET

The Organization capitalizes fixed assets exceeding \$1,500. Property and equipment are recorded at cost. Donated items are recorded at their estimated fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives.

Office equipment

3-7 years

CALIFORNIA ASSOCIATION OF FOOD BANKS

Notes to Financial Statements

December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REFUNDABLE ADVANCES

The amount of funds received from conditional grants, but not yet recognized as revenue are considered refundable advances. Revenue from these deposits is recognized in the year when earned. At December 31, 2024, management expects to recognize all of the refundable advances in the year ended December 31, 2025.

The following is a summary of refundable advances as of December 31, 2024:

Refundable advance beginning of the year	\$ 1,353,631
Revenue recognized included in beginning balance	(1,353,631)
Cash received in advance	<u>2,824,165</u>
Refundable advances end of year	<u><u>\$ 2,824,165</u></u>

NET ASSETS

The financial statements report amounts by class of net assets.

Net assets without donor restrictions are currently available for use at the discretion of the board and resources invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or until time restrictions have been met. They are not currently available for use in the Organization's activities until restrictions regarding their use have been fulfilled.

SUPPORT, REVENUE, AND EXPENSES

Farm to Family Sales

The Organization sells produce and other food products to its member food banks, and charges for shipping of purchased and passed-through food, through the Farm to Family program at cost plus an administrative fee. Revenues from food and shipping are recognized upon delivery of the food to the member food banks as Farm to Family sales. Shipping expenses related to delivery of food to member food banks are recognized upon delivery to the member food banks and are presented on the statements of activities as a reduction in Farm to Family sales.

CALIFORNIA ASSOCIATION OF FOOD BANKS

Notes to Financial Statements

December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Governmental grants

The Organization receives grants and contracts from several federal and other financial assistance programs. Grant revenue on cost reimbursement grants is recognized after the program expenditures have been incurred, and is conditioned based on certain performance and compliance requirements. As such, the Organization recognizes revenue and records a receivable for the reimbursement amount. Such grant programs are subject to independent audit under the Office of Management and Budget's (OMB's) Uniform Guidance (2 CFR 200), as well as review by grantor agencies. Such review could result in disallowance of expenditures under the terms of the grant or reductions in future grant funds. Based on prior experience, the Council's management believes costs ultimately disallowed, if any, would not materially affect the financial statements.

Contributions

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to the ministry. The Organization records contributions as being with donor restrictions if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization receives non-cash gifts which are recorded as support at the estimated fair value on the date of the gift.

Membership dues

Membership contracts begin and end in line with the Organization's fiscal year, regardless of the contract start date. All performance obligations are complete and all revenue recognized as of year-end. Dues collected in the year prior to recognition are presented within refundable advances on the statement of financial position.

Other income

Other income consists of event, investment and other income. Investment and other income are recognized when earned. Event income is recognized when the event takes place.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The statement of activities and functional expenses report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. The Organization allocates expenses directly to applicable programs when possible. For shared expenses, an allocation formula is applied based on the number of pounds of food distributed in the previous financial reporting period. These expenses include depreciation and amortization, interest, personnel expenses, and occupancy costs.

CALIFORNIA ASSOCIATION OF FOOD BANKS

Notes to Financial Statements

December 31, 2024

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following table reflects the Organization's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year as of December 31, 2024:

Financial assets:	
Cash and cash equivalents	\$ 12,514,921
Accounts receivable	5,391,838
Grants and contracts receivable	8,392,340
	<u>26,299,099</u>
Less those unavailable for general expenditure within one year, due to:	
Board designated cash and cash equivalents	
for general expenditure	(2,500,000)
Donor imposed restrictions	(1,064,206)
	<u>(3,564,206)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 22,734,893</u>

As part of the Organization's liquidity management, it structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Organization has cash and cash equivalents available. The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operation to be available to meet cash needs for general expenditures.

The Organization reviews various measures of liquidity and cash balances with the board of directors and finance committee each quarter. The Organization has designated \$2,500,000 to be set aside for unanticipated expenses.

The Organization maintains receivable balances primarily with its member food banks and the State of California and all of those balances are considered current, with no history of bad debts. The Organization's Farm to Family program acquires food on behalf of its members and sells the food to member food banks at cost, with a nominal service charge to cover program and administrative expenses. Thus, the Organization's financial assets are held primarily to fund ongoing operating expenses.

CALIFORNIA ASSOCIATION OF FOOD BANKS

Notes to Financial Statements

December 31, 2024

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, as of December 31, 2024 consists of:

Office equipment	\$ 158,264
Less accumulated depreciation	(37,715)
	<u>\$ 120,549</u>

5. OPERATING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The Organization leases office space under various noncancelable lease agreements that do not qualify as short-term leases. The discount rates represent the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases expire at various dates through June 2030 and require monthly payments ranging from approximately \$12,000 to \$32,000. The following table reflects the Organization's operating lease as of December 31, 2024:

Operating lease right-of-use asset	\$ 1,651,276
Operating lease obligation	\$ 1,815,721
Cash paid for operating lease	\$ 155,513
Operating lease costs	\$ 306,896
Weighted-average discount rate	3.67%
Weighted-average remaining lease term	5.13 years

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

<u>Year ending December 31,</u>	
2025	\$ 373,146
2026	347,655
2027	358,085
2028	368,827
2029	379,892
Thereafter	192,753
	<u>2,020,358</u>
Less amount representing interest	<u>(204,637)</u>
	<u>\$ 1,815,721</u>

CALIFORNIA ASSOCIATION OF FOOD BANKS

Notes to Financial Statements

December 31, 2024

6. NET ASSETS:

Net assets as of December 31, 2024 consist of the following

Net assets without donor restrictions:

Undesignated	\$ 15,503,705
Board-designated operating reserve	2,500,000
Total net assets without donor restrictions	<u>18,003,705</u>

Net assets with donor restrictions:

Subject to expenditure for specified purpose:

Research and public policy	\$ 137,455
Farm to Family	155,915
	<u>293,370</u>

Subject to expenditure for specified time

Total net assets with donor restrictions	<u>770,836</u>
	<u>1,064,206</u>

Total net assets	<u>\$ 19,067,911</u>
------------------	----------------------

7. EMPLOYEE BENEFITS:

Pursuant to Section 403(b) of the Internal Revenue Code, the Organization contributes to a tax-sheltered annuity plan (the "Plan") for qualifying employees. The Organization contributes a 5% match of employee contributions to the Plan each year. Employer contributions totaled approximately \$223,000 for the year ended December 31, 2024.

8. SUBSEQUENT EVENTS:

Subsequent events were evaluated through August 26, 2025, which is the date the financial statements were available to be issued.

FEDERAL AWARDS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
California Association of Food Banks
Oakland, California

We have audited the financial statements of California Association of Food Banks as of and for the year ended December 31, 2024, and our report thereon dated August 26, 2025, which expressed an unmodified opinion on those financial statements, appears on page 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 15 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Capin Crouse LLC

Ontario, California
August 26, 2025

CALIFORNIA ASSOCIATION OF FOOD BANKS

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:					
COVID-19 Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182				
Passed through California Department of Food and Agriculture			23-0715000SG	\$ 6,200,098	\$ 6,543,682
Passed through California Department of Social Services			23-7030	<u>11,100,380</u>	<u>\$ 11,660,095</u>
Total COVID-19 Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments				<u>17,300,478</u>	<u>18,203,777</u>
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561				
Passed through California Department of Social Services			21-7024	2,725,480	3,316,473
Passed through California Department of Social Services			24-7009	<u>1,029,793</u>	<u>1,262,319</u>
Total SNAP Cluster				<u>3,755,273</u>	<u>4,578,792</u>
Food Distribution Cluster:					
Emergency Food Assistance Program (Administrative Costs)	10.568				
Passed through California Department of Social Services			22-7025	<u>688,546</u>	<u>688,546</u>
Total Food Distribution Cluster				<u>688,546</u>	<u>688,546</u>
Total U.S. Department of Agriculture				<u>21,744,297</u>	<u>23,471,115</u>
Total Expenditures of Federal Awards				<u>\$ 21,744,297</u>	<u>\$ 23,471,115</u>

See notes to schedule of expenditures of federal awards

CALIFORNIA ASSOCIATION OF FOOD BANKS

Notes to Schedule of Expenditures of Federal Awards

December 31, 2024

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of California Association of Food Banks (Organization) under programs of the federal government for the year ended December 31, 2024. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures in 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. If the Organization is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. INDIRECT COST RATE:

The Organization has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards reconciles to the revenue in the statement of activities as follows:

Total expenditures of federal awards	\$ 23,471,115
Plus:	
State and local government grants	1,349,024
Prior year adjustment	<u>77,101</u>
Governmental grants per statement of activities	<u><u>\$ 24,897,240</u></u>

4. NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

The Organization did not receive any federal non-cash assistance, insurance, loans, or loan guarantees.

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
California Association of Food Banks
Oakland, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California Association of Food Banks (Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors
California Association of Food Banks
Oakland, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Capin Crouse LLC

Ontario, California
August 26, 2025

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
California Association of Food Banks
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited California Association of Food Banks' (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 December 31, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, California Association of Food Banks 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 December 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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.

Board of Directors
California Association of Food Banks
Oakland, California

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Ontario, California
August 26, 2025

CALIFORNIA ASSOCIATION OF FOOD BANKS

Schedule of Findings and Questioned Costs

December 31, 2024

Section I - Summary of Audit Results

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ☒ no
- Significant deficiency(ies) identified that are not considered a material weakness? _____ yes ☒ none reported

Noncompliance material to financial statements noted? _____ yes ☒ no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ yes ☒ no
- Significant deficiency(ies) identified that are not considered a material weakness? _____ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)? _____ yes ☒ no

Identification of major program(s):

Assistance Listing Numbers

10.182

Name of Federal Program or Cluster

COVID-19 Pandemic Relief Activities: Local Food
Purchase Agreements with States, Tribes,
and Local Governments

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ yes _____ no

CALIFORNIA ASSOCIATION OF FOOD BANKS

Schedule of Findings and Questioned Costs

December 31, 2024

Section II - Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

CALIFORNIA ASSOCIATION OF FOOD BANKS

Auditee Summary Schedule of Prior Audit Findings

December 31, 2024

Financial Statement Findings

There were no prior audit findings in internal control over financial reporting.

Federal Award Findings

There were no prior audit findings or questioned costs.