



JACOBS & CUSHMAN
SAN DIEGO FOOD BANK

Consolidated Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jacobs & Cushman San Diego Food Bank
San Diego, California

Opinion

We have audited the accompanying consolidated financial statements of Jacobs & Cushman San Diego Food Bank, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jacobs & Cushman San Diego Food Bank as of June 30, 2025 and 2024, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Jacobs & Cushman San Diego Food Bank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Board of Directors
Jacobs & Cushman San Diego Food Bank
San Diego, California

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Capin Crouse LLC

San Diego, California
January 22, 2026

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,775,480	\$ 1,371,063
Inventory	6,698,961	8,487,051
Government contracts receivable	1,117,953	3,031,695
Grants and contributions receivable	137,996	224,997
Prepaid expenses and other current assets	<u>604,398</u>	<u>418,354</u>
	12,334,788	13,533,160
Other assets	77,343	80,382
Board designated investments	46,446,022	48,696,051
Operating right-of-use assets	463,865	1,170,194
Property and equipment–net	<u>65,013,447</u>	<u>52,784,910</u>
Total Assets	<u><u>\$ 124,335,465</u></u>	<u><u>\$ 116,264,697</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,820,845	\$ 2,520,759
Customer advances	35,990	66,087
Performance obligation liabilities	564,021	72,720
Operating lease obligations - current	<u>350,176</u>	<u>891,661</u>
	3,771,032	3,551,227
Operating lease obligations	137,429	367,836
Line of credit	20,168,086	15,303,244
Total liabilities	<u>24,076,547</u>	<u>19,222,307</u>
Net assets:		
Without donor restrictions	99,563,607	96,138,912
With donor restrictions	695,311	903,478
Total net assets	<u>100,258,918</u>	<u>97,042,390</u>
Total Liabilities and Net Assets	<u><u>\$ 124,335,465</u></u>	<u><u>\$ 116,264,697</u></u>

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions of non-financial assets:						
Contributed food and commodities	\$ 70,421,226	\$ -	\$ 70,421,226	\$ 72,862,290	\$ -	\$ 72,862,290
Other in-kind contributions	451,679	-	451,679	429,121	-	429,121
Contributions	18,054,896	3,354,241	21,409,137	15,248,221	2,275,645	17,523,866
Government contracts	11,282,053	-	11,282,053	15,508,256	-	15,508,256
Investment income	4,899,455	-	4,899,455	9,987,415	-	9,987,415
Rental income	3,393,657	-	3,393,657	1,912,470	-	1,912,470
Shared maintenance fees	604,819	-	604,819	690,501	-	690,501
Other income (loss)	56,331	-	56,331	(34,125)	-	(34,125)
	<u>109,164,116</u>	<u>3,354,241</u>	<u>112,518,357</u>	<u>116,604,149</u>	<u>2,275,645</u>	<u>118,879,794</u>
Special events						
Special events revenue	1,390,453	-	1,390,453	1,034,058	-	1,034,058
Direct benefits to donors	(310,083)	-	(310,083)	(307,349)	-	(307,349)
	<u>1,080,370</u>	<u>-</u>	<u>1,080,370</u>	<u>726,709</u>	<u>-</u>	<u>726,709</u>
Revenue released from purpose restrictions	<u>3,562,408</u>	<u>(3,562,408)</u>	<u>-</u>	<u>2,058,185</u>	<u>(2,058,185)</u>	<u>-</u>
Total Support and Revenue	<u>113,806,894</u>	<u>(208,167)</u>	<u>113,598,727</u>	<u>119,389,043</u>	<u>217,460</u>	<u>119,606,503</u>

(continued)

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Activities (continued)

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services						
Government programs	27,058,225	-	27,058,225	25,962,358	-	25,962,358
Non-Government programs	71,880,940	-	71,880,940	68,207,422	-	68,207,422
Total Program services	<u>98,939,165</u>	-	<u>98,939,165</u>	<u>94,169,780</u>	-	<u>94,169,780</u>
Supporting activities:						
General and administrative	4,910,395	-	4,910,395	3,383,703	-	3,383,703
Fundraising	6,532,639	-	6,532,639	5,484,116	-	5,484,116
	<u>11,443,034</u>	-	<u>11,443,034</u>	<u>8,867,819</u>	-	<u>8,867,819</u>
Total Expenses	<u>110,382,199</u>	-	<u>110,382,199</u>	<u>103,037,599</u>	-	<u>103,037,599</u>
Change in Net Assets	3,424,695	(208,167)	3,216,528	16,351,444	217,460	16,568,904
Net Assets, Beginning of Year	<u>96,138,912</u>	<u>903,478</u>	<u>97,042,390</u>	<u>79,787,468</u>	<u>686,018</u>	<u>80,473,486</u>
Net Assets, End of Year	<u>\$ 99,563,607</u>	<u>\$ 695,311</u>	<u>\$ 100,258,918</u>	<u>\$ 96,138,912</u>	<u>\$ 903,478</u>	<u>\$ 97,042,390</u>

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statement of Functional Expenses

Year ended June 30, 2025

	Program Services			Supporting Activities		Total Supporting Activities	Total
	Government Programs	Non-Government Programs	Total Program Services	General and Administrative	Fundraising		
Food acquisition and distribution	\$ 22,746,454	\$ 64,156,852	\$ 86,903,306	\$ -	\$ 12,183	\$ 12,183	\$ 86,915,489
Personnel expenses	2,173,750	4,259,190	6,432,940	1,171,454	2,768,499	3,939,953	10,372,893
Occupancy	545,770	785,221	1,330,991	1,583,271	118,138	1,701,409	3,032,400
Direct mail and marketing	-	-	-	-	2,494,593	2,494,593	2,494,593
Depreciation and amortization	741,277	1,063,167	1,804,444	62,245	77,597	139,842	1,944,286
Supplies, technology and equipment	367,297	589,382	956,679	223,472	687,442	910,914	1,867,593
Contract services	91,641	235,080	326,721	902,431	116,648	1,019,079	1,345,800
Other expenses	76,318	404,999	481,317	187,572	559,347	746,919	1,228,236
Interest expense	-	-	-	773,365	-	773,365	773,365
Transportation and travel	315,718	387,049	702,767	6,585	8,275	14,860	717,627
	27,058,225	71,880,940	98,939,165	4,910,395	6,842,722	11,753,117	110,692,282
Less: Direct benefits to donors	-	-	-	-	(310,083)	(310,083)	(310,083)
Total Expenses	\$ 27,058,225	\$ 71,880,940	\$ 98,939,165	\$ 4,910,395	\$ 6,532,639	\$ 11,443,034	\$ 110,382,199

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statement of Functional Expenses

Year ended June 30, 2024

	Program Services			Supporting Activities		Total Supporting Activities	Total
	Government Programs	Non-Government Programs	Total Program Services	General and Administrative	Fundraising		
Food acquisition and distribution	\$ 22,331,752	\$ 61,095,460	\$ 83,427,212	\$ -	\$ 4,965	\$ 4,965	\$ 83,432,177
Personnel expenses	2,025,012	3,633,183	5,658,195	1,115,153	1,607,264	2,722,417	8,380,612
Occupancy	398,241	975,810	1,374,051	593,237	19,316	612,553	1,986,604
Direct mail and marketing	-	17,760	17,760	275	2,572,487	2,572,762	2,590,522
Depreciation and amortization	607,471	870,230	1,477,701	53,262	86,045	139,307	1,617,008
Supplies, technology and equipment	259,311	607,920	867,231	286,013	433,021	719,034	1,586,265
Contract services	63,596	72,515	136,111	647,217	581,549	1,228,766	1,364,877
Other expenses	39,161	419,842	459,003	145,528	484,205	629,733	1,088,736
Interest expense	-	-	-	537,504	-	537,504	537,504
Transportation and travel	237,814	514,702	752,516	5,514	2,613	8,127	760,643
	25,962,358	68,207,422	94,169,780	3,383,703	5,791,465	9,175,168	103,344,948
Less: Direct benefits to donors	-	-	-	-	(307,349)	(307,349)	(307,349)
Total Expenses	\$ 25,962,358	\$ 68,207,422	\$ 94,169,780	\$ 3,383,703	\$ 5,484,116	\$ 8,867,819	\$ 103,037,599

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Cash Flows

	June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,216,528	\$ 16,568,904
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense	1,944,286	1,617,008
Net realized and unrealized investment gain	(3,689,363)	(8,385,973)
Loss on disposal of property and equipment	109,772	-
Change in operating assets and liabilities:		
Government contracts receivable	1,913,742	446,034
Grants and contributions receivable	87,001	240,351
Inventory	1,788,090	(1,637,482)
Prepaid expenses and other current assets	(186,044)	(38,364)
Other assets	3,039	(12,606)
Operating right-of-use assets	510,997	1,145,871
Accounts payable and accrued liabilities	300,086	772,433
Customer advances	(30,097)	(39,788)
Performance obligation liabilities	491,301	(67,522)
Operating lease obligations	(576,560)	(1,126,386)
Net Cash Provided by Operating Activities	<u>5,882,778</u>	<u>9,482,480</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(1,120,748)	(13,325,431)
Purchases of investments	(24,549,522)	(13,891,232)
Proceeds on sale of investments	31,695,400	30,339,428
Reinvested interest and dividends	(1,206,486)	(1,465,909)
Net Cash Provided by Investing Activities	<u>4,818,644</u>	<u>1,656,856</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on line of credit	(8,297,005)	(10,696,756)
Net Cash Used by Financing Activities	<u>(8,297,005)</u>	<u>(10,696,756)</u>
Net Change in Cash and Cash Equivalents	2,404,417	442,580
Change in Cash and Cash Equivalents, Beginning of Year	<u>1,371,063</u>	<u>928,483</u>
Change in Cash and Cash Equivalents, End of Year	<u>\$ 3,775,480</u>	<u>\$ 1,371,063</u>

(continued)

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Cash Flows (continued)

	June 30,	
	2025	2024
NON-CASH AND OTHER SUPPLEMENTAL DISCLOSURES:		
Property and equipment acquired through line of credit	<u>\$ 13,161,847</u>	<u>\$ 26,000,000</u>
Cash paid for interest	<u>\$ 773,365</u>	<u>\$ 537,504</u>
Right-of-use assets acquired under operating lease	<u>\$ 195,332</u>	<u>\$ 36,062</u>
Write-off of fully-depreciated property and equipment	<u>\$ 305,480</u>	<u>\$ -</u>

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

1. NATURE OF ORGANIZATION:

Jacobs & Cushman San Diego Food Bank (the “Organization”), incorporated under the laws of the State of California, operates as a nonprofit public-benefit organization that provides food assistance and resources to people in need, advocates for the hungry, connects the population it serves to a range of health and human service providers, and educates the public about hunger in San Diego County. The Organization operates as a central repository and distribution point for USDA commodities and donated food. Through its own direct distributions and through a network of over 450 nonprofit hunger-relief organizations, Jacobs & Cushman San Diego Food Bank distributes approximately 53 million pounds of food annually to people in need throughout San Diego County. In November 2011, the Organization transferred the building to The Jacobs & Cushman San Diego Food Bank Building, LLC.

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

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 laws. 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 the meaning of Section 509(a) of the IRC. Cash and non-cash contributions and grants are the Organization's primary source of support and revenue.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial resources and activities of each entity listed below. All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

The Jacobs & Cushman San Diego Food Bank Building, LLC, a wholly-owned subsidiary formed in July 2011, was created to hold property used by the Organization for program and administrative functions in San Diego, California.

Murphy Canyon Property, LLC, a wholly-owned subsidiary formed in December 2023, was created to hold property held for future development in San Diego, California.

2260 Oak Ridge Way, LLC, a wholly-owned subsidiary formed in April 2025, was created to hold property used by the Organization for program and administrative functions in Vista, California.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). A summary of the significant accounting policies are described below to enhance the usefulness of the consolidated financial statements to the reader. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for uncollectible receivables relating to grants, contributions, and government contracts, depreciation of property and equipment based on the useful lives of the Organization's property and equipment, valuation of contributed non-financial assets and inventory, value of right-of-use assets and lease obligations, and allocation of expenses on a functional basis.

CASH AND CASH EQUIVALENTS

The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. As of June 30, 2025 and 2024, the Organization has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$2,620,000 and \$1,294,000, respectively.

INVENTORY

Inventory consists of food products received through government programs sponsored by the USDA (TEFAP and CSFP) and purchased and donated food products. The Organization records contributed food received from the USDA based on actual food product prices provided by the corresponding USDA program. During the years ended June 30, 2025 and 2024, the USDA TEFAP food product prices averaged \$1.14 and \$1.26 per pound, respectively, and USDA CSFP food product prices averaged \$0.99 and \$0.98 per pound, respectively. All other contributed food items are valued using an average cost based on the industry standard of \$1.92 per pound for the years ended June 30, 2025 and 2024. See note 10 for noncash food receipt contributions during the years ended June 30, 2025 and 2024.

GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of contributions receivable from individual donors, and government grants receivable on conditional grant agreements. These agreements have a right-of-release in the form of funds to be paid to the Organization once the barriers to entitlement are met. As of the year ended June 30, 2025, these barriers had been met, but the funds had not yet been paid to the Organization by the grantors. All receivables are considered to be due within one year, and no allowance has been recorded. Management assesses the collectability of all grants and contributions receivable at the close of each period and records an allowance for doubtful accounts based on specific identification. Management has determined all receivables were collectible at June 30, 2025 and 2024. For the years ended June 30, 2025, 2024, and 2023, the grants and contributions receivable were \$137,996, \$224,997, and \$465,739, respectively.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GOVERNMENT CONTRACTS RECEIVABLE

Government contracts receivable relates to reimbursements under government programs that have not been received from the respective government agency. It represents the amount due through the years ended June 30, 2025 and 2024, respectively. Management assesses the collectability of all government contracts receivable at the close of each period and records an allowance for credit losses based on specific identification. Management has determined all receivables were collectible at June 30, 2025 and 2024. For the years ended June 30, 2025, 2024, and 2023, the government contracts receivable were \$1,117,953, \$3,031,695, and \$3,477,338 respectively.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist mainly of prepaid insurance and security deposits.

BOARD DESIGNATED INVESTMENTS

The board of directors has established a board designated investment fund. The investment funds are to be used for reserves, emergency disaster relief efforts, and building acquisition purposes. These designations align with the Organization's reserve policy and strategic goals set by the board of directors. Board designated investments consist of corporate stocks, corporate bonds, certificates of deposit, and mutual funds. Investments with readily determinable fair values are valued at their fair values in the consolidated statements of financial position. Investment income is recorded when earned, net of investment expenses.

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 consolidated statements 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 \$5,000. Property and equipment are recorded at cost. Donated items are recorded at their estimated fair market value on the date of the gift. Depreciation, except for land which is non-depreciable, is computed on the straight-line method over the estimated useful lives which range from three to thirty-nine years.

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

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CUSTOMER ADVANCES AND PERFORMANCE OBLIGATION LIABILITIES

The amount of funds received, but not yet recognized as revenue, is included in customer advances and performance contract liabilities on the consolidated statement of financial position. For the years ended June 30, 2025, 2024, and 2023, customer advances and performance obligation liabilities were \$600,011, \$138,807, and \$246,117, respectively.

NET ASSETS

The consolidated 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

Contributions

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

Contributions of non-financial assets

Contributions of non-financial assets, including contributed food and commodities and other in-kind contributions, are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns but which do not meet the criteria for consolidated financial statement recognition.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Government contracts

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

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

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated 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.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 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 June 30, 2025 and 2024:

	June 30,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 3,775,480	\$ 1,371,063
Board designated investments	46,446,022	48,696,051
Grants and contracts receivable	1,117,953	3,031,695
Contributions receivable	137,996	224,997
	<hr/> 51,477,451	<hr/> 53,323,806
Less those unavailable for general expenditure within one year, due to:		
Board designated certificates of deposit and investments		
for general expenditure	(46,446,022)	(48,696,051)
Donor imposed restrictions	<hr/> (695,311)	<hr/> (903,478)
Financial assets available to meet cash needs for general expenditures within one year	<hr/> <hr/> \$ 4,336,118	<hr/> <hr/> \$ 3,724,277

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, the Organization has policies to review cash flows weekly and financial statements monthly. The Organization has lines of credit with their brokerage and bank, allowing for maximum borrowings of approximately \$35,208,000 and \$35,688,000 at June 30, 2025 and 2024, respectively, of which \$15,040,000 and \$20,385,000 was available at June 30, 2025 and 2024, respectively. Additionally, the Organization has board designated net assets without donor restrictions that, while the board does not intend to spend these for purposes other than those identified, upon board approval they could be made available for current operations, if necessary.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

4. INVENTORY:

As of June 30, 2025, the food inventory based on dollar value as reported in the consolidated financial statements consists of the following:

Dollar Value	Government Programs	Donated	Purchased	Total
Beginning of year	\$ 6,726,769	\$ 965,635	\$ 794,647	\$ 8,487,051
Receipts/purchases	19,881,088	50,540,139	13,095,497	83,516,724
Distributions	(21,891,775)	(50,277,004)	(13,136,035)	(85,304,814)
End of year	<u>\$ 4,716,082</u>	<u>\$ 1,228,770</u>	<u>\$ 754,109</u>	<u>\$ 6,698,961</u>

As of June 30, 2025, the food inventory amounts held, received, and distributed presented in terms of poundage consists of the following:

Poundage				
Beginning of year	5,312,022	503,525	510,898	6,326,445
Receipts/purchases	18,141,564	28,346,668	5,706,239	52,194,471
Distributions	(19,363,182)	(28,209,147)	(5,705,988)	(53,278,317)
End of year	<u>4,090,404</u>	<u>641,046</u>	<u>511,149</u>	<u>5,242,599</u>

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

4. INVENTORY, continued:

As of June 30, 2024, the food inventory based on dollar value as reported in the consolidated financial statements consists of the following:

Dollar Value	Government Programs	Donated	Purchased	Total
Beginning of year	\$ 3,615,011	\$ 888,583	\$ 2,345,975	\$ 6,849,569
Receipts/purchases	24,578,594	48,113,451	11,180,751	83,872,796
Distributions	<u>(21,466,836)</u>	<u>(48,036,399)</u>	<u>(12,732,079)</u>	<u>(82,235,314)</u>
End of year	<u><u>\$ 6,726,769</u></u>	<u><u>\$ 965,635</u></u>	<u><u>\$ 794,647</u></u>	<u><u>\$ 8,487,051</u></u>

As of June 30, 2024, the food inventory amounts held, received, and distributed presented in terms of poundage consists of the following:

Poundage

Beginning of year	3,350,959	470,317	1,456,822	5,278,098
Receipts/purchases	20,825,911	27,083,894	4,454,608	52,364,413
Distributions	<u>(18,864,848)</u>	<u>(27,050,686)</u>	<u>(5,400,532)</u>	<u>(51,316,066)</u>
End of year	<u><u>5,312,022</u></u>	<u><u>503,525</u></u>	<u><u>510,898</u></u>	<u><u>6,326,445</u></u>

5. BOARD DESIGNATED INVESTMENTS:

Board designated investments consist of:

	June 30,	
	2025	2024
Corporate stocks	\$ 20,740,837	\$ 21,624,500
Exchange-traded funds	8,697,439	10,601,452
Mutual funds	6,113,000	630,000
Corporate bonds	8,421,200	11,125,693
Certificates of deposit	402,458	2,645,259
Fixed rate capital securities	<u>2,071,088</u>	<u>2,069,147</u>
	<u><u>\$ 46,446,022</u></u>	<u><u>\$ 48,696,051</u></u>

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

6. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net, consists of:

	June 30,	
	2025	2024
Land	\$ 24,189,074	\$ 20,360,607
Buildings	37,915,216	28,377,908
Building improvements	9,740,719	9,099,983
Warehouse equipment	3,109,339	3,008,504
Transportation equipment	2,104,089	2,250,410
Furniture and office equipment	508,277	697,585
Leasehold improvements	-	354,991
	<u>77,566,714</u>	<u>64,149,988</u>
Less accumulated depreciation and amortization	(12,960,642)	(11,435,809)
	<u>64,606,072</u>	<u>52,714,179</u>
Construction in progress	407,375	70,731
	<u><u>\$ 65,013,447</u></u>	<u><u>\$ 52,784,910</u></u>

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

The Organization leases office space and equipment 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 August 2028 and require monthly payments ranging from approximately \$250 to \$65,000. The following table reflects the Organization's operating leases:

	June 30,	
	2025	2024
Operating lease right-of-use asset	\$ 463,865	\$ 1,170,194
Operating lease obligation	\$ 487,605	\$ 1,259,497
Operating lease costs	\$ 867,515	\$ 869,435
Cash paid for operating leases	\$ 917,211	\$ 904,484
Weighted-average discount rate	2.47%	1.53%
Weighted-average remaining lease term	1.50 years	1.48 years

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

7. OPERATING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS, continued:

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 June 30,</u>	
2026	\$ 350,176
2027	77,106
2028	69,032
2029	4,489
	<hr/>
	500,803
Less amount representing interest	<hr/>
	(13,198)
	<hr/>
	\$ 487,605

8. LINE OF CREDIT:

In April 2021, the Organization entered into a revolving credit line against one of the Organization's brokerage accounts. The loanable value is based on each class of eligible securities. During the year ended June 30, 2025, the Organization drew down approximately \$13,200,000 for the purchase of property in Vista, California. During the year ended June 30, 2024, the Organization drew down approximately \$26,000,000 for the purchase of property in San Diego, California. The line of credit does not have a maturity date and bears a variable interest rate equal to the WSJ prime rate minus 2.00% (4.95% and 5.99% for the year ended June 30, 2025 and 2024, respectively). The line of credit is secured by the Organization's investment account with a net book value of approximately \$35,210,000, and balances are repayable on demand.

The Organization also had a \$1,000,000 line of credit with a financial institution. The Organization had not drawn upon the line of credit as of June 30, 2025 and 2024. The line matured in December 2024 and was not renewed. The line had a floating interest rate of the Wells Fargo prime rate plus 0.25% (8.75% at June 30, 2024) with a 5% floor. The rate changed at each index change. The line of credit was secured by the Organization's inventory and accounts receivable.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

9. NET ASSETS:

Net assets consist of the following:

	June 30,	
	2025	2024
Net assets without donor restrictions:		
Undesignated	\$ 53,117,585	\$ 47,442,861
Board-designated operating reserve	46,446,022	48,696,051
Total net assets without donor restrictions	<u>99,563,607</u>	<u>96,138,912</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Backpack Program	\$ 274,656	\$ 463,135
BioTech matching gift campaign	100,000	-
Solar	79,730	81,297
Food 4 Kids summer and afterschool meals	50,000	-
CalFresh	45,745	110,432
Local fish & produce food purchasing	40,275	-
Senior program food distribution	30,000	-
Agency partner capacity building	30,000	-
Breakfast for kids	-	95,749
Equipment acquisition	20,000	-
Operation gobble	14,114	74,769
Los Angeles wild fire food relief	10,791	-
Community food grant	-	78,013
Warming items	-	83
Total net assets with donor restrictions	<u>695,311</u>	<u>903,478</u>
Total net assets	<u><u>\$ 100,258,918</u></u>	<u><u>\$ 97,042,390</u></u>

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

10. CONTRIBUTIONS OF NON-FINANCIAL ASSETS:

Contributed non-financial assets recognized in the consolidated statements of activities and functional expenses consisted of the following:

	June 30,		Valuation Techniques
	2025	2024	
Donated food	\$ 50,540,138	\$ 48,283,696	Industry standard (see note 2)
Government food-TEFAP	13,135,595	18,640,226	USDA provided value (see note 2)
Government food-CSFP	6,745,493	5,938,368	USDA provided value (see note 2)
Gift cards	291,835	332,200	Face value
Auction items	147,859	82,261	Market value for similar items
Advertising services	11,985	14,660	Current rates for similar services
	<u>\$ 70,872,905</u>	<u>\$ 73,291,411</u>	

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

11. FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

11. FAIR VALUE MEASUREMENTS, continued:

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Corporate stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange-traded funds and mutual funds: Valued at the daily closing price as reported by the fund. Exchange-traded funds and mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Corporate bonds, certificates of deposit, and fixed rate capital securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2025, there were no significant transfers in or out of Levels 1, 2 or 3.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

11. FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis at June 30, 2025, are as follows:

	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Corporate stocks	\$ 20,740,837	\$ 20,740,837	\$ -	\$ -
Exchange-traded funds	8,697,439	8,697,439	-	-
Mutual funds	6,113,000	6,113,000	-	-
Corporate bonds	8,421,200	-	8,421,200	-
Certificates of deposit	402,458	-	402,458	-
Fixed rate capital securities	<u>2,071,088</u>	<u>-</u>	<u>2,071,088</u>	<u>-</u>
Total investments at fair value	<u><u>\$ 46,446,022</u></u>	<u><u>\$ 35,551,276</u></u>	<u><u>\$ 10,894,746</u></u>	<u><u>\$ -</u></u>

Fair values of assets measured on a recurring basis at June 30, 2024, are as follows:

	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Corporate stocks	\$ 21,624,500	\$ 21,624,500	\$ -	\$ -
Exchange-traded funds	10,601,452	10,601,452	-	-
Mutual funds	630,000	630,000	-	-
Corporate bonds	11,125,693	-	11,125,693	-
Certificates of deposit	2,645,259	-	2,645,259	-
Fixed rate capital securities	<u>2,069,147</u>	<u>-</u>	<u>2,069,147</u>	<u>-</u>
Total investments at fair value	<u><u>\$ 48,696,051</u></u>	<u><u>\$ 32,855,952</u></u>	<u><u>\$ 15,840,099</u></u>	<u><u>\$ -</u></u>

12. EMPLOYEE BENEFITS:

The Organization sponsors a 403(b) plan which covers all eligible employees. The Organization makes a matching contribution equal to the lesser of 200% of the employee contribution or 3% of the employee's compensation. The Organization's contribution to the 403(b) for the years ended June 30, 2025 and 2024 was approximately \$258,000 and \$220,000, respectively.

13. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 22, 2026, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.