

Organization Information

Legal Name

Fallbrook Food Pantry

Year Founded - use date of incorporation

1991

Program Name/Title

Nutrition & Occupational Educa

Brief Program Description

Educate our community on how to make healthier food choices, demonstrate meal preparation using non-cultural produce (such as butternut squash and jackfruit) enhancing food options, and encouraging new food items to be introduced into daily diets. Promoting a healthy lifestyle that supports positive change.

Is this a new (pilot, recently developed) or established program?

New Initiative/Service

Program Information - Type

Ongoing

Requested Amount

50000.00

Organization's Mission Statement

The Fallbrook Food Pantry is a non-profit organization primarily staffed by volunteers. Our mission is to provide an adequate and nutritious supply of food to individuals in our community who are in-need.

FFP serves low-income individuals and families at no cost to the participant by promoting health and wellness through food distribution and educational programming. We address social determinants of health and/or systems change focused on reducing social and health inequities.

Organization's Vision Statement

Fallbrook Food Pantry 's Learning Center will promote an inclusive environment where all members of the Fallbrook community will have an opportunity to attend impactful educational programs related to nutrition, healthy lifestyle, wellness and personal and occupational development.

Agency Capability

Fallbrook Food Pantry (FFP) has served low-income and disadvantaged families for 30 years. Available to the community 5 days a week, we offer a well-balanced selection of food, promoting wellness for every individual in our community. Year to date we have served 30,000 households,

supplying over 1.5 million pounds of food.

In April of 2019, Fallbrook Food Pantry’s dream of purchasing a new facility came true, thanks to our compassionate and committed donors. We now occupy 6,834 square feet of warehouse, market, and administrative offices. The new Learning Center space allows us now to expand our programming. The Learning Center will educate our in-need community on how to make healthier food choices, demonstrate meal preparation using non-cultural produce (such as butternut squash and jackfruit) enhancing food options, and encouraging new food items to be introduced into their daily diets. FFP has experienced tremendous growth in the last three years with the addition of our newest Executive Director, Shae Gawlak. The growth in our numbers is a sheer reflection of what is going on in our economy – more individuals are having a difficult time finding jobs that pay them enough to support their family. In the last three years, we have also seen donations increase by 50% over the previous 25 years. We anticipate even more groundbreaking growth as a result of our new Learning Center to support the Fallbrook community in alleviating food insecurity.

Agency Collaborations

Our community/collaborative partners are:

- San Diego Food Bank • Feeding San Diego • Albertson’s • Grocery Outlet • Major Market • Sprouts • Del Rey Avocado • Kendall Farms as well as local farmers and growers • CSUSM Nursing Program
- CSULA Registered Dietetics Program
- Boys & Girls Club of Fallbrook
- Foundation for Senior Care
- Produce Good
- Chef Faro Trupiano

These partnerships allow us to provide food and education to our community in-need. They allow us to educate and empower our community in-need utilizing professionals that offer expertise in the areas of medical assessments, health screenings, dietary recommendations, and cooking demonstrations in an environment that is safe and clean and promotes encouragement, positivity and support. Ultimately producing an evidence-based experience that will lead to positive behavioral changes.

Target Population - Age

| | Percent of program participants |
|---|---------------------------------|
| Children (infants to 12) | 10 |
| Young Adults (13-17) | 20 |
| Adults (18-60) | 50 |
| Seniors (60+) | 20 |
| We do not collect this data (indicate with 100%)* | |

Target Population not collected - Age

n/a

Gender

| | Percent of program participants |
|------------|---------------------------------|
| Female | 70 |
| Male | 30 |
| Non-binary | |
| Unknown* | |

*Target Population - Gender

n/a

Income Level

| | Percent of program participants |
|---|---------------------------------|
| Extremely Low-Income Limits, ceiling of \$32,100 | 100 |
| Very Low (50%) Income Limits, ceiling of \$53,500 | |
| Low (80%) Income Limits, ceiling of \$85,600 | |
| Higher Than Listed Limits | |
| We do not collect this data (indicate with 100%)* | |

*Target Population - Income Level

n/a

Projected number of residents that will directly benefit (participant/client) from this program.

1500

Social Determinants of Health (SDOH)

Program/Services Description - Social Determinants of Health

Economic Stability (Employment, Food Insecurity, Housing Instability, Poverty)

Neighborhood & Built Environment (Access to Foods that Support Healthy Eating Patterns, Crime and Violence, Environmental Conditions, Quality of Housing)

Program/Services Description - FRHD Community Needs Assessment

Health (Diabetes - prevention, management)

Health (Cholesterol, High Blood Pressure, Hypertension, Obesity)

Mental Health (Social Support - Youth or Families)

Health (Healthy Food/Nutrition)

Social (Economic Security, Health Literacy, Family/Child Support, Legal/Advocacy)

Statement of Need/Problem

Research from the NIH suggests that “Food insecure adults have a 32% increased (chance) of being obese compared to food-secure adults.”

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4584410/#:~:text=Among%20the%2012%20states%2C%20the,compared%20to%20food%20secure%20adults>. It’s critical the at-risk communities have access to nutritional/ healthy food and learn how to prepare the food in a way that prevents diseases such as diabetes and hypertension.

Our role in alleviating food insecurity goes beyond providing food. We provide healthy food. FFP will address long-term health outcomes associated with food insecurity and empower our community to live a healthy and well-balanced lifestyle by educating and supporting our clients in making behavioral changes to become self-sufficient and productive community members.

Our nutrition and wellness classes focus on making healthy meals from the groceries distributed at our pantry. Participants taste samples and learn new and easy recipes to try at home. During the interactive workshops and demonstrations, nutrition educators cover nutrition basics, understanding food labels, tips for healthy food preparation, and shopping on a budget. One example that FFP follows is the “Cooking Matters” curriculum, a nutrition class provided through Feeding America specifically designed for the food insecure population.

<http://cookingmatters.org/what-we-do> Cooking Matters provides professional-level curricula and instructional materials, training, evaluation, and national leadership support. Local program partners provide program customizations and relationships that work best at the local level.

The Fallbrook Food Pantry is committed to ensuring that all services and programming are held to the highest standards for tracking and collecting evidence-based data. The data collection methods will be conducted in a respectful and responsible manner while guarding private client information. The information collected will be qualitative from pre-and post-surveys and quantitative data that will be utilized to track the success of our programs.

Statement of Need/Problem - Others

It is our understanding that currently there are no classes offered through the Fallbrook Family Health Clinic, that before COVID, was hosting frequent Diabetes Prevention classes to their patients.

The Learning Center will offer a multitude of course to our community, beginning with Cooking Matters, but also Diabetes Prevention & Maintenance (an evidence-based course approved by the CDC), C.H.O.P. (Childhood Obesity Prevention) a high school culinary arts opportunity—with college scholarship incentives, ESL (English as a Second Language), Occupational Development (how to write a resume, how to have a successful interview, Dress to Impress, and job fairs), and Living Compass (a mental wellness course for teens, adults/parents—outfitting individuals and communities with tools and training for the journey of living a life of wellness and wholeness).

Program/Services Description - Program Entry

All qualified FFP clients are eligible to participate in any of our seven (7) offered educational courses, at no cost. In fact, we are encouraging all participants to register and we incentivize them with a \$50 gift card to Albertson's, once they complete the class. Our Case Manager is discussing with each client the opportunities we are providing and emphasizing the importance of living a well-balanced/healthy life that ultimately will allow them and their family to become less dependant upon the system and hopefully will prepare them for success in the world. Discovering that they do have the ability to contribute to our community through education, hard work, healthy eating, and paying it forward.

Our programming is supported by funding from our community at-large and with these funds, we will also be able to track their progress from one course to the next, providing raw data from inception to completion of how the client is evolving and making healthier choices—behavioral changes that lead to independence and empowerment, through health screenings (pre-post), surveys (pre-post), and through observational analysis.

Program/Services Description - Program Activities

Cooking Matters (Adults/Parents and Youth 12+) •No Kid Hungry, through Feeding America, collaborated with Altarum Institute to conduct the first national impact study of six-week Cooking Matters courses. The long-term study found that the Cooking Matters course has a powerful and sustained impact on families taking the course compared to those who do not participate in the course. •After learning the Cooking Matters strategies, families have more positive attitudes about cooking, leading them to cook more often; consume and make healthier, more budget-friendly meals; and possess more confidence that they'll be able to stretch their food dollars each month. •The powerful impact of the Cooking Matters program on child nutrition also has implications for health, since a healthier diet is associated with a lower risk for poor health outcomes, helping to prevent childhood obesity. •6-week cooking demonstration course offered 1-day/week for 2 hours. Diabetes Prevention & Maintenance •An evidence-based course focusing on the prevention and maintenance of diabetes. Each participant will enter the class meeting with a CSUSM Public Health Nursing students, who will conduct an initial health screening (blood pressure, resting heart rate, weight, BMI, blood sugar levels, etc.). Each participant will receive education and support on how to prevent and/or reverse type 2 diabetes. Course materials cover physical activity/tracking, food/tracking, behavioral and lifestyle changes. •8-week course offered 1-day/wk for 2 hours. C.H.O.P. (Childhood Obesity Prevention) • Raise awareness about Childhood Obesity in poverty stricken rural neighborhoods in North Inland San Diego County.

High School students will grow food in a community garden, in partnership with the Fallbrook Regional Health District, and learn to clean, prep and cook healthy meals with the produce they have harvested. This program promotes Mind-Body-Spirit, empowering students to take control of their lives and in becoming productive members of our community.

C.H.O.P. CHALLENGE is a culinary arts competition, where the top 4 students of each class will demonstrate their knowledge and talent at a community engagement (Fallbrook Harvest Fair and/or Fallbrook Avocado Festival)— the winner will have the opportunity to receive financial support (scholarship) to a culinary arts institute, from one we have partnered with in California. 8-week courses (2-3 per school year) offered 2-days/wk for 2-3 hours.

ESL (English as a 2nd Language) •A traditional term for the use or study of the English language by non-native speakers. This class will be offered to our current pantry clients and to other low-income adults in our community who are seeking to learn conversational English in a classroom environment—instructed by a certified ESL educator. •8-week course offered 1-day/wk for 2 hours.

Occupational Development •A variety of classes that encompass resume building, interviewing skills, and Dress to Impress. •These opportunities will then lead them to our quarterly/bi-annual local job fairs—where our low-income/at-risk community members can interview with businesses seeking to nurture this population/demographic and give them the means to support themselves and their families with job security. •4-week course offered 1-day/wk for 2 hours.

Wellness Compass •Wellness for Teens, Parents and Adults. •Outfitting individuals, families and communities with tools and training for the journey towards wellness and wholeness. •4-week course offered 1-day/wk for 2 hours.

Program Goal #1

Provide in-person nutrition and occupational courses that benefit our community in-need, in

learning the fundamentals of living a healthy lifestyle and being able to make better choices for themselves, ultimately benefiting their families as well.

Program Objectives - Goal #1

Raising the awareness of our community's ability to recognize how living an unhealthy life can cause severe-chronic health risks.

Program Outcomes/Measurables - Goal & Objectives #1

Health Screenings - collect pre & post evidence based data (BMI, Height, Weight, RHR, Waist Circumference) for the classes that are 8-weeks or more.

Surveys - will provide an understanding, or lack thereof, of what they learned and how and when they will implement these new habits into their daily lives.

Observation Assessments - could potentially be used in any domain, it will be used primarily for behavior, social-emotional functioning, and language courses.

Anticipated Acknowledgment

Anticipated Acknowledgment

Social Media Postings

Signage at Service Sites

Print Materials to Service Recipients

Website Display

Anticipated Acknowledgment

We will acknowledge FRHD in our social media campaigns, quarterly newsletters, website – under Major Donors, and signage throughout our facility.

CHC GRANT BUDGET FORM

Agency Name: **FALLBROOK FOOD PANTRY** PROGRAM NAME: **LEARNING CENTER: NUTRITION & OCCUPATIONAL EDUCATION**

Not all line items will correspond with your program budget. If the item does not fully align either leave it blank or group it in the best category possible. However, be sure your program budget is fully itemized.

| 1) | A | INDIRECT EXPENSES: | PROGRAM COST | APPLYING ORGANIZATION | OTHER RESOURCES | REQUESTED FROM FRHD |
|----|-----|--|------------------|-----------------------|------------------|---------------------|
| | A1 | Security/Fire Protection | 1,000.00 | 500.00 | 500.00 | |
| | A2 | General Insurance (not program specific) | 15,000.00 | 7,500.00 | 7,500.00 | |
| | A3 | Accounting & audit expenses | - | - | - | |
| | A4 | Professional/Consultant/Contractor Fees | 5,000.00 | 2,500.00 | 2,500.00 | |
| | A5 | Physical Assets (Rent, Facility Costs) | 5,000.00 | 5,000.00 | - | |
| | A6 | Utilities | 3,000.00 | 1,500.00 | 1,500.00 | |
| | A7 | IT & Internet | 1,000.00 | 500.00 | 500.00 | |
| | A8 | Marketing & Communications | | | | |
| | A9 | Office Supplies | 2,500.00 | 2,500.00 | - | |
| | A10 | Licenses/permits/fees | 2,500.00 | 1,500.00 | 1,000.00 | |
| | A11 | Equipment/Building Reserves | | | - | |
| | | TOTAL INDIRECT EXPENSE | 35,000.00 | 21,500.00 | 13,500.00 | - |
| | B | PERSONNEL EXPENSES - PROGRAM SPECIFIC | PROGRAM COST | APPLYING ORGANIZATION | OTHER RESOURCES | REQUESTED FROM FRHD |
| | B1 | Salary - Executive Director (1.0) | 15,000.00 | 10,000.00 | 5,000.00 | |
| | B2 | Salary - Program Manager (1.0) | 10,000.00 | 2,500.00 | 2,500.00 | 5,000.00 |
| | B3 | Salary - Instructors (0.5) x 3 | 30,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| | B4 | Salary - Learning Center Coordinator | 15,000.00 | 10,000.00 | - | 5,000.00 |
| | B5 | Payroll Expenses (WC, taxes) | | | | |
| | B6 | Benefits | | | | |
| | B7 | Other: specify | | | | |
| | | TOTAL PERSONNEL EXPENSE | 70,000.00 | 32,500.00 | 17,500.00 | 20,000.00 |
| | C | DIRECT PROGRAM EXPENSES | PROGRAM COST | APPLYING ORGANIZATION | OTHER RESOURCES | REQUESTED FROM FRHD |
| | C1 | Educational Equipment for Instructors | 5,000.00 | 2,500.00 | 2,500.00 | |
| | C2 | Food & Distribution Supplies | 25,000.00 | 5,000.00 | 10,000.00 | 10,000.00 |
| | C3 | Printing/Duplicating | 2,500.00 | 2,500.00 | - | |
| | C4 | Marketing & Communications | 5,000.00 | 2,500.00 | 2,500.00 | |
| | C5 | Curriculum & Programs Development | 20,000.00 | - | 10,000.00 | 10,000.00 |
| | C6 | Technology: video recording equipment | 5,000.00 | 2,500.00 | 2,500.00 | |
| | C7 | College Scholarship programs for HS students | 25,000.00 | | 15,000.00 | 10,000.00 |
| | | TOTAL OTHER EXPENSES | 87,500.00 | 15,000.00 | 42,500.00 | 30,000.00 |

W X Y Z

| D | TOTAL ALL EXPENSES | PROGRAM COST | % REQUESTED FROM FRHD |
|---|--------------------|---------------|-----------------------|
| | | \$ 192,500.00 | 23% |

2) FUNDING SOURCES

| E | FUNDS FOR PROGRAM | |
|----|------------------------------------|----------------------|
| E1 | APPLYING ORGANIZATION X | 69,000.00 |
| E2 | OTHER RESOURCES Y | 73,500.00 |
| E3 | REQUESTED FROM FRHD Z | 50,000.00 |
| | TOTAL ALL FUNDING SOURCES W | \$ 192,500.00 |

NOTE: THIS AMOUNT SHOULD BE EQUAL TO YOUR PROJECT COST.

3) % OF AGENCY BUDGET

| F | CALCULATE % of Total Agency budget that this Program represents. | \$ 844,500.00 | \$ 192,500.00 | 23% |
|---|--|-----------------|---------------|--------------------|
| | | AGENCY BUDGET** | PROGRAM COST | % of AGENCY BUDGET |

** Agency budget is your agency's entire budget for the year. Fill in the amount.

| | |
|--|--|
| Agency Name: | FALLBROOK FOOD PANTRY |
| Program Name: | LEARNING CENTER: NUTRITION & OCCUPATIONAL EDUCATION |
| Total Organization Budget (Current Fiscal Year) | \$ 844,500.00 |
| Total Project Budget (Current Fiscal Year) | \$ 192,500.00 |

Organization Sources of Revenue
(Total Organization Budget)

Sources of Funding
(This Project Request)

| Source of funds | \$ Amount | Percent of Total | One-time funding? (Yes/No) | \$ Amount | Percent of Total | One-time funding? (Yes/No) | STATUS |
|---|---------------------|------------------|----------------------------|---------------------|------------------|----------------------------|--------|
| Federal | | | | | | | |
| State | | | | | | | |
| City/County* | 100000 | 0.11 | NO | 100000 | 0.11 | NO | PEND |
| Other Govt. | | | | | | | |
| Proposed FRHD | 50000 | 0.05 | NO | 50000 | 0.05 | NO | PEND |
| Legacy Endowment | 10000 | 0.011 | NO | 10000 | 0.011 | NO | AWARD |
| Guenther Foundation | 100000 | 0.11 | NO | 100000 | 0.11 | NO | AWARD |
| Bank of America | 1000 | 0.001 | NO | 1000 | 0.001 | NO | AWARD |
| Pacific Western Bank | 5000 | 0.06 | YES | 5000 | 0.06 | YES | AWARD |
| Kendall Farms | 10000 | 0.011 | NO | 10000 | 0.011 | NO | AWARD |
| Better World Trust | 10000 | 0.011 | NO | 10000 | 0.011 | NO | AWARD |
| Las Patronas | 10000 | 0.011 | YES | 10000 | 0.011 | YES | AWARD |
| Sousa Family Trust | 25000 | 0.029 | NO | 25000 | 0.029 | NO | AWARD |
| General Donations | 250000 | 0.29 | NO | 250000 | 0.29 | NO | PEND |
| Other Internal Organizational Fundraising | 150000 | 0.17 | NO | 150000 | 0.17 | NO | PEND |
| Other (list): | | | | | | | |
| Ameriprise Foundation | 25000 | 0.029 | YES | 25000 | 0.029 | YES | PEND |
| Tony Robinson Foundation | 20000 | 0.023 | YES | 20000 | 0.023 | YES | PEND |
| Nordson Foundation | 18500 | 0.021 | YES | 18500 | 0.021 | YES | PEND |
| Pala Band of Indians | 50000 | 0.05 | YES | 50000 | 0.05 | YES | PEND |
| SD Food Bank | 10000 | 0.011 | NO | 10000 | 0.011 | NO | PEND |
| Total | \$844,500.00 | 100% | | \$844,500.00 | 100% | | |

* City/County

If the organization currently receives funding from any Cities or Counties, please list the jurisdiction and contract amount below.



Fallbrook Food Pantry
Financial Statements

December 31, 2020 and 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fallbrook Food Pantry

Opinion

We have audited the accompanying financial statements of Fallbrook Food Pantry (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fallbrook Food Pantry as of December 31, 2020 and 2019, 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 Financial Statements section of our report. We are required to be independent of Fallbrook Food Pantry 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 Fallbrook Food Pantry's 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, 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 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 Fallbrook Food Pantry'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.

SWENSON ADVISORS, LLP
San Diego, California
April 15, 2021

Fallbrook Food Pantry
Statements of Financial Position
December 31, 2020 and 2019



| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 287,668 | \$ 52,937 |
| Investments in marketable securities | 13,888 | 934 |
| Accounts receivable | 420 | 80 |
| Prepaid expenses | 6,378 | 3,326 |
| Inventory, net | 81,443 | 200,241 |
| Property and equipment, net | 1,294,315 | 1,313,099 |
| Total assets | \$ 1,684,112 | \$ 1,570,617 |
| Liabilities and Net Assets | | |
| Accounts payable and accrued liabilities | \$ 14,853 | \$ 9,397 |
| Interest payable | - | 11,859 |
| Capital lease obligations | 34,125 | 42,912 |
| Related-party notes payable | 190,082 | 275,000 |
| Mortgage payable, net | 576,514 | 587,031 |
| Total liabilities | 815,574 | 926,199 |
| Net assets | | |
| Net assets without donor restrictions | 868,538 | 637,168 |
| Net assets with donor restrictions | - | 7,250 |
| Total net assets | 868,538 | 644,418 |
| Total liabilities and net assets | \$ 1,684,112 | \$ 1,570,617 |

See accompanying notes to the financial statements

**Fallbrook Food Pantry
Statements of Activities
For the Years Ended December 31, 2020 and 2019**



| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Changes in net assets without donor restrictions | | |
| Revenues and support | | |
| Donated food | \$ 2,117,512 | \$ 1,861,735 |
| Contributions | 343,853 | 126,999 |
| Grants | 264,750 | 127,400 |
| Rental income | - | 21,413 |
| Special events | 69,534 | 67,259 |
| Special event donations | 56,135 | 36,050 |
| Donated services | - | 6,959 |
| Gain on investments | 1,994 | 1,024 |
| Total revenues without donor restrictions | <u>2,853,778</u> | <u>2,248,839</u> |
| Net assets released from restrictions | <u>7,250</u> | <u>-</u> |
| Total revenues and support without donor restrictions | <u>2,861,028</u> | <u>2,248,839</u> |
| Expenses | | |
| Program services | | |
| Daily market | 1,058,160 | 1,223,211 |
| Neighborhood distribution | 263,426 | 301,942 |
| Farmers to families | 107,302 | - |
| Food for thought | - | 3,906 |
| Senior food program | 339,752 | 52,650 |
| EFAP | 709,492 | 278,688 |
| Total program services | <u>2,478,132</u> | <u>1,860,397</u> |
| Support services | | |
| Fundraising and development | 73,042 | 71,961 |
| Management and general | 25,735 | 22,286 |
| Total supporting services | <u>98,777</u> | <u>94,247</u> |
| Total program and supporting expenses | <u>2,576,909</u> | <u>1,954,644</u> |
| Special events expenses | 52,749 | 68,225 |
| Total expenses | <u>2,629,658</u> | <u>2,022,869</u> |
| Increase in net assets without donor restrictions | <u>231,370</u> | <u>225,970</u> |
| Changes in net assets with donor restrictions | | |
| Contributions | - | 7,250 |
| Net assets released from restrictions | <u>(7,250)</u> | <u>-</u> |
| (Decrease) increase in net assets with donor restrictions | <u>(7,250)</u> | <u>7,250</u> |
| Increase in net assets | <u>224,120</u> | <u>233,220</u> |
| Net assets at beginning of period | <u>644,418</u> | <u>411,198</u> |
| Net assets at end of period | <u>\$ 868,538</u> | <u>\$ 644,418</u> |

See accompanying notes to the financial statements

**Fallbrook Food Pantry
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019**



| | 2020 | 2019 |
|---|-------------------|--------------------|
| Cash flows from operating activities | | |
| Change in net assets and prior period adjustments | \$ 224,120 | \$ 343,022 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation and amortization | 60,180 | 70,632 |
| Food inventory adjustment | 118,798 | (200,241) |
| Net unrealized and realized (gain) loss on investments | (12,954) | 283 |
| Decrease (increase) in assets: | | |
| Accounts receivable | (340) | (80) |
| Prepaid expenses | (3,052) | (3,326) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued liabilities | 5,456 | 6,013 |
| Interest payable | (11,859) | 11,859 |
| Net cash provided by operating activities | 380,349 | 228,162 |
| Cash flows from investing activities: | | |
| Acquisition of property and equipment | (40,678) | (1,383,731) |
| Net cash used in investing activities | (40,678) | (1,383,731) |
| Cash flows from financing activities: | | |
| Proceeds from related-party note payable | - | 275,000 |
| Proceeds from mortgage | - | 600,000 |
| Principal payments on related-party note payable | (84,918) | - |
| Principal payments on mortgage | (11,235) | (6,211) |
| Debt issuance costs, net | - | (6,758) |
| Capital lease for the acquisition of equipment | - | 48,215 |
| Principal payments on capital lease obligation | (8,787) | (5,303) |
| Net cash (used in) provided by financing activities | (104,940) | 904,943 |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 234,731 | (250,626) |
| Cash, cash equivalents, and restricted cash - beginning of year | 52,937 | 303,563 |
| Cash, cash equivalents, and restricted cash - end of year | \$ 287,668 | \$ 52,937 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the year for interest | \$ 59,997 | \$ 33,425 |
| In-kind contributions: | | |
| Mutual funds | \$ 1,084 | \$ - |
| Stock | \$ 9,928 | \$ - |

See accompanying notes to the financial statements



NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Fallbrook Food Pantry (the “Organization” or the “Pantry”) incorporated in June 1991 as a religious corporation under the name Fallbrook Mission Project and received exempt status under section 501(c)(3) of the Internal Revenue Code exclusively for religious purposes. In June 1995, the name of the Organization was changed to Fallbrook Community Project. In August 2002, the Organization restated its articles of incorporation, classifying the Organization as a public benefit corporation, organized under the nonprofit public benefit corporation law for charitable purposes. In September 2004, the Organization changed its name to the Fallbrook Food Pantry. The Pantry’s purpose is to aid those in its community who are in need of food; to refer those in need of shelter and medical care; to equip them to be self-sufficient, independent, and productive members of society; and to give love and hope through nurturing and emotional support. The Pantry’s mission is to provide an adequate and nutritious supply of food to individuals in the community who are in need while improving the health of the community through education on healthy food choices and preparation. The following is a list of descriptions of the Organization’s programs:

Weekly Distribution

Based on family size, qualified clients are entitled to food items that are determined by a menu that is developed each week, which is planned to provide balanced meals for 4-5 meals per week. This amounts to approximately 10-12 pounds per person within each client household.

Neighborhood Distribution

On the last Wednesday of every month, everyone in the community may receive fresh produce from the Pantry at the Life Point Church parking lot.

Emergency Food Assistance Program (“EFAP”)

The Pantry distributes governmental commodities delivered by the San Diego Food Bank to clients. The Pantry distributes EFAP items to clients during the third full week of each month.

EFAP for Seniors

The Pantry offers the EFAP program to senior clients during extended hours on Wednesday afternoons during the scheduled EFAP distributions weeks.

Senior Food Program (Brown Box)

A USDA program designed to improve the health of low-income seniors who are 60 years or older, residents of San Diego County, and meet program income guidelines. The Senior Food Program provides qualified clients with a monthly food package containing items such as canned vegetables, fruit juice, pasta, milk, cereal, canned meat, and a block of cheese.

Adopt-A-Family

Clients must apply and meet specific criteria to qualify for this program. The Fallbrook Food Pantry coordinates this program with community members and churches to provide children under 16 years of age with holiday gifts.

Food for Thought (Temporarily Discontinued December 2019)

Through this program, high school students are able to receive weekend meals from the Pantry during the school year. This program was discontinued in December 2019 and has no clear date on which it will resume, due to the uncertainty of in-person school resumption resulting from the COVID-19 shutdowns.

Farmers to Families (Established July 2020)

During the COVID-19 lockdowns, farmers were unable to sell produce to restaurants and grocery stores in as high a capacity as usual. Due to federal government programming, food banks across the nation benefitted from the farmers’ excess crops at no cost, while the government paid the farmers for their goods. The Pantry distributed the excess crops received to its clients during 2020.



**NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below:

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or the absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported in the following two classes:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations, including those resources currently available for use in the Organization’s operations and those designated by the board for specific future uses.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations which have not yet been met, including those that have been restricted in perpetuity, such that they are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent 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.

Fair Value of Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable, investments in marketable securities, accounts payable, deposits and notes payable. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and deposits approximate fair market value because of the short maturity of those instruments. The carrying value of the Organization’s notes payable approximates fair market value based on the current rates offered to the Company for debt with similar terms or maturities. The investments in marketable securities are measured at fair value on a recurring basis.

Topic 820 in the FASB’s Accounting Standards Codification, Fair Value Measurements and Disclosures, establishes a three-tier valuation hierarchy for classification of fair value measurements as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, at the measurement date.

Level 3 – Inputs are unobservable for the asset or liability and usually reflect the reporting entity’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Organization’s statement of financial position includes investments in contributed stock that are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

**Fallbrook Food Pantry
Notes to Financial Statements
December 31, 2020 and 2019**



**NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

Cash and Cash Equivalents

The Pantry considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (“FDIC”), which provides basic deposit coverage with limits up to \$250,000 per account holder. Generally, these deposits may be redeemed upon demand and therefore, are believed to bear minimal risk.

Accounts Receivable

Management believes that all accounts receivables are fully collectible, and therefore no allowance for doubtful accounts was recorded as of December 31, 2020 and 2019.

Land, Buildings and Equipment and Depreciation

Land, buildings and equipment are recorded at cost. The Organization capitalizes items with a value in excess of \$2,500 and an expected life of five years or more. Donations of land, buildings, and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire buildings and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Assets under construction are not depreciated until placed into service. Buildings and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

| | <u>Years</u> |
|-----------------------------------|--------------|
| Building and improvements | 15-39 |
| Equipment | 5-7 |
| Autos and trucks | 5-7 |
| Equipment under capital lease | 5-7 |
| Technology equipment and software | 5 |

Maintenance, repairs, and minor renewals are charged to operations as incurred. Upon sale or disposition of land, buildings, and equipment, the asset and the related accumulated depreciation taken prior to the sale are removed from the Organization’s records and any resultant gain or loss is credited or charged to earnings.

Impairment of Real Estate

The Organization reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted net cash flows expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2020 or 2019.

**Fallbrook Food Pantry
Notes to Financial Statements
December 31, 2020 and 2019**



**NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

Loan Costs and Amortization

Loan costs related to the Pacific Premier Bank mortgage note payable (Note 4) of \$7,177, net of accumulated amortization of \$1,136 and \$419 as of December 31, 2020 and 2019, respectively, are presented as a contra-liability offsetting the note payable balance in the statements of financial position. These loan costs are being amortized on a straight-line basis over the term of the associated debt as of December 31, 2020 and 2019. GAAP requires that the effective yield method be used to amortize loan costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Total amortization for the years ended December 31, 2020 and 2019 related to the loan costs associated with the Pacific Premier Bank note was \$718 and \$419, respectively, and is presented as interest expense in the statements of functional expenses, in accordance with ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. Estimated interest expense for each of the five years following December 31, 2020 is approximately \$718.

Donated Goods and Services

The Pantry reports the fair value of contributions of donated food and grocery products as contributions without donor restriction and, shortly thereafter, as expense when distributed to its clients. During the years ended December 31, 2020 and 2019, the Pantry received approximately 1,276,000 and 1,137,000 pounds of contributed food, respectively, and distributed approximately 1,331,100 and 1,000,900 pounds of purchased and contributed food to clients, respectively. The Pantry utilizes approaches developed and applied by nationally recognized food banks and food pantries that approximate the average wholesale value of one pound of donated food. For the years ended December 31, 2020 and 2019, the Pantry determined the appropriate approximate value of food per pound to use in valuing the food received and distributed was \$1.68 and \$1.66 per pound, respectively.

The total value of food received during the year ended December 31, 2019, after deducting the amount of spoiled and composted food of \$25,896 throughout the year, was \$1,861,735. After the Pantry deducted the food distributed throughout the year ended December 31, 2019 of \$1,661,494, the remaining food on hand with a value of \$200,241 was recorded as inventory as of December 31, 2019. The total value of food received during the year ended December 31, 2020, after deducting the amount of spoiled and composted food of \$26,208 throughout the year, was \$2,117,512. After the Pantry deducted the food distributed throughout the year ended December 31, 2020 of \$2,236,310 from the beginning inventory value and donated food received, the remaining food on hand with a value of \$81,443 was recorded as inventory as of December 31, 2020.

The Pantry also received \$6,959 worth of in-kind services throughout the year ended December 31, 2019 related to work performed on the building improvements in 2019. The Pantry did not receive in-kind services during the year ended December 31, 2020.

Revenue Recognition

When monies or other assets are received, the Organization classifies the transaction as either a contribution (i.e. a nonreciprocal transaction) or an exchange (i.e. a reciprocal transaction).



**NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

Revenue Recognition, Continued

Contributed Revenue – In accordance with Accounting Standards Update (“ASU”) No. 2016-14, *Not for Profit (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”), when a transaction is determined to be a contribution, the Organization then determines whether it is conditional or unconditional. According to ASU 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”), conditional contributions contain i) donor-imposed barrier(s) that must be overcome before the Organization is entitled to the assets transferred or promised and ii) a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. When the condition(s) are substantially met, the contribution becomes unconditional. Unconditional contributions are those that are absent of any indication that the Organization is only entitled to the transfer of assets or a future transfer of assets if it has overcome a barrier, or that the agreement does not contain a right of return of assets transferred or a right of release from obligation. Unconditional contributions are classified as either net assets with donor restrictions or net assets without donor restrictions and are recorded in accordance with the guidelines outlined in Subtopic 958-605, *Not-for-Profit Entities – Revenue Recognition*. Unconditional contributions are recognized when the donor makes a promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting. Contributions received with restrictions that are met in the same reporting period as received are reported as unrestricted support and increase net assets without donor restrictions.

Grant revenue is recognized in the period that the related work is performed in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant exceeds the cash received. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned.

Donated property and equipment are recorded at fair market value at the date of gift. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated stock is recorded at fair market value at the date of gift. If donors stipulate how long the stock must be held, the contribution is recorded as restricted support. In the absence of such stipulations, contributions of marketable securities are recorded as unrestricted support.

The Organization receives substantial in-kind donations of food, which is valued as noted above at the time of donation as contributions without donor restriction. The Pantry receives donated and contributed volunteer time for the limited participation of many individuals in fundraising and day to day Pantry activities. The valuation of volunteer time is not reflected in these statements since they do not require specialized skills. Occasionally, the Pantry receives credits applied to service costs from service organizations. Since these services require specialized skills, the value of the time and services provided are recorded as in-kind contributions without donor restriction.

The Pantry receives contributions from sponsors at the Organization’s special events. Unless specified as restricted at the time of donations, these contributions are recorded as without donor restrictions.

Fallbrook Food Pantry
Notes to Financial Statements
December 31, 2020 and 2019



NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Revenue Recognition, Continued

Contributed Revenue, Continued – The following is a summary of revenue and expenses related to donated items for the years ended December 31:

| | <u>2020</u> | <u>2019</u> |
|-------------------|---------------------|---------------------|
| Revenue: | | |
| Donated food | \$ 2,117,512 | \$ 1,861,735 |
| Donated services | - | 6,959 |
| Total revenue | <u>\$ 2,117,512</u> | <u>\$ 1,868,694</u> |
| Expenses: | | |
| Food distribution | \$ 2,236,310 | \$ 1,661,494 |
| Services | - | 627 |
| Total expenses | <u>\$ 2,236,310</u> | <u>\$ 1,662,121</u> |

Exchange Transactions – The Organization accounts for exchange transactions in accordance with ASU No. 2014-09 (ASC Topic 606), *Revenue from Contracts with Customers* (“Topic 606”).

Special event revenues are recognized when the event is presented. Ticket sales for admission to or sponsorships for the events that have been received as of December 31 for which the performance obligations are not yet complete are recorded as contract liabilities in the statements of financial position. The tickets sold for events are the identified contracts between the Pantry and its event attendees. The transaction price for each ticket varies depending on the event. The performance obligation for these tickets is entry into the event. The performance obligation for these sales is the Pantry’s obligation to put on the event or to carry out the program. Ticket sales between the Pantry and its event attendees are identified as event revenues and are recognized at a point in time, which is when the event is presented. Ticket fees that have been received as of December 31 for which the performance obligation is not yet complete are recorded as contract liabilities in the statements of financial position. Special event revenue amounted to \$69,534 and \$67,259 for the years ended December 31, 2020 and 2019, respectively. Contract liabilities for events was \$0 as of December 31, 2020 and 2019.

The Pantry maintains donated stock investments in marketable securities. The Organization recognizes investment returns based on the fair value of the funds, which are classified as without donor restrictions in the statements of activities. When the Organization sells donated stock, any difference between the proceeds received from the sale of donated securities and the fair value on the date the donated securities were received are recognized as a realized gain or loss on the statements of activities.

From April through July 2019, the Pantry entered into a short-term lease agreement with the former owner of the property that the Pantry purchased (Note 3). The rent received through the terms of this lease agreement totaled \$21,413 and were recognized as rental income in accordance ASC 840: *Leases* (Note 6) in the statements of activities for the year ended December 31, 2019.

The Organization has determined that the revenue sources have already been appropriately disaggregated in the statement of operations based on obligations that are substantially the same and have the same pattern of transfer to the end customer. As such, the Organization has not disaggregated revenue differently than the revenue sources depicted in the statement of operations.

**Fallbrook Food Pantry
Notes to Financial Statements
December 31, 2020 and 2019**



**NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED)**

Advertising Costs

The Pantry expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2020 and 2019 were \$8,339 and \$6,261, respectively, and are included with marketing expenses in the statements of functional expenses for the years then ended.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications based on internal records and estimates made by the Organization's management. Program services are allocated based on the number of families served through each program as a percentage of total families served throughout the year. Based on these criteria, program costs were allocated 43% and 66% to Weekly Distribution, 11% and 16% to Neighborhood Distribution, 28% and 15% to EFAP, 14% and 3% to Senior programs, 4% and 0% to Farmers to Families, and 0% and less than 1% to Food for Thought for the years ended December 31, 2020 and 2019. Based on the Pantry's operations, general and administrative expenses are allocated 70% to fundraising, 20% to events, and 10% to administration. See appendix A for the statements of functional expenses for the years ended December 31, 2020 and 2019.

Income Tax Status

Fallbrook Food Pantry is a nonprofit organization and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Pantry is not a private foundation.

The Organization uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings. No loss contingencies were recognized for the years ended December 31, 2020 or 2019.

The Organization's federal exempt organization returns for tax years 2017 and beyond remain subject to examination by the Internal Revenue Service. The Organization's exempt organization returns of the tax years 2016 and beyond remain subject to examination by the Franchise Tax Board. The Organization did not have unrecognized tax benefits as of December 31, 2020 or 2019 and does not expect this to change significantly over the next 12 months. The Organization recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2020 and 2019, the Organization has not accrued interest or penalties related to uncertain tax positions.

Recent Authoritative Guidance, Not yet adopted

In February 2016, the FASB issued new lease accounting guidance in ASU No. 2016-02, *Leases* ("Topic 842"). This new guidance was initiated as a joint project with the IASB to simplify lease accounting and improve the quality of and comparability of financial information for users. This new guidance would eliminate the concept of off-balance sheet treatment for "operating leases" for lessees for the vast majority of lease contracts. Under Topic 842, at inception, a lessee must classify all leases with a term of over one year as either finance or operating, with both classifications resulting in the recognition of a defined "right-of-use" asset and a lease liability on the balance sheet. However, recognition in the income statement will differ depending on the lease classification, with finance leases recognizing the amortization of the right-of-use asset separate from the interest on the lease liability and operating leases recognizing a single total lease expense. Lessor accounting under ASU No. 2016-02 would be substantially unchanged from the previous lease requirements under U.S. GAAP. On April 8, 2020, in response to the coronavirus pandemic, the FASB voted to defer the effective date for Topic 842 for private companies and private nonprofit companies to fiscal years beginning after December 15, 2021. Early adoption is permitted and for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, lessees and lessors must apply a modified retrospective transition approach. The Organization is evaluating ASU No. 2016-02 and its effect on the presentation of its financial statements.

Fallbrook Food Pantry
Notes to Financial Statements
December 31, 2020 and 2019



NOTE 2 – INVESTMENTS IN MARKETABLE SECURITIES

The Pantry received stock donations with a total fair market value of \$9,928 and mutual funds with a total fair market value of \$1,084 throughout 2020. Investments in marketable securities are stated at fair value of \$13,888 and \$934 as of December 31, 2020 and 2019, respectively. Dividends are reinvested into the securities. The change in fair value from December 31, 2019 to December 31, 2020 was recorded as a gain on investments of \$1,942 in the statements of activities for the year ended December 31, 2020. The change in fair value from December 31, 2018 to December 31, 2019 was recorded as a loss on investments of \$283 in the statements of activities for the year ended December 31, 2019.

NOTE 3 – LAND, BUILDINGS AND EQUIPMENT

In April 2019, the Organization purchased the land and building at 140 Brandon Road in Fallbrook, California. The land was valued at \$500,000 and the remaining amount of the purchase price for the property was allocated between the capitalized loan costs of \$7,177 (Note 1) and the building cost of \$589,923. Building improvements throughout 2020 and 2019 amounted to \$21,273 and \$111,243, respectively, and were capitalized upon completion.

Land, buildings and equipment consist of the following at December 31:

| | 2020 | 2019 |
|--|---------------------|--------------|
| Land | \$ 500,000 | \$ 500,000 |
| Building and improvements | 722,439 | 701,166 |
| Equipment | 57,306 | 37,901 |
| Autos and trucks | 86,796 | 86,796 |
| Equipment under capital lease | 48,215 | 48,215 |
| Technology equipment and software | 9,653 | 9,653 |
| | 1,424,409 | 1,383,731 |
| Less: accumulated depreciation and amortization | (130,094) | (70,632) |
| | \$ 1,294,315 | \$ 1,313,099 |

Depreciation expense was \$59,462 and \$37,939 for the years ended December 31, 2020 and 2019, respectively.

NOTE 4 – NOTES PAYABLE

On March 22, 2019, the Pantry entered into a related-party note payable agreement with a board member for a principal amount of \$275,000, which was used towards the down payment for the purchase of the 140 Brandon Road property. This note is secured by a deed of trust with assignment of rents on the 140 Brandon Road property. The terms of the agreement include a balloon payment of all unpaid principal and accrued interest at 5.75% upon maturity on March 22, 2024.

On April 3, 2019, the Pantry entered into a new loan agreement with Pacific Premier Bank (“the Bank”) for a principal amount of \$600,000, which was used to purchase the property at 140 Brandon Road (Note 3). The terms of the agreement include monthly principal and interest payments of \$3,804 on a 10 year amortization at 5.75% with a balloon payment at loan maturity in May 2029.

**Fallbrook Food Pantry
Notes to Financial Statements
December 31, 2020 and 2019**



NOTE 4 – NOTES PAYABLE, (CONTINUED)

Notes payable consist of the following as of December 31:

| | 2020 | 2019 |
|--|--------------------------|--------------------------|
| Related-party note payable to board member dated March 22, 2019 in the original amount of \$275,000; secured by a deed of trust with assignment of rents on the property at 140 Brandon Road; bears interest at 5.75%. Unpaid principal and accrued interest will be due as a balloon payment upon maturity at March 22, 2024. Accrued interest payable totaled \$0 and \$11,859 at December 31, 2020 and 2019, respectively (see Note 9). | \$ 190,082 | \$ 275,000 |
| Note payable to Pacific Premier Bank dated April 3, 2019 in the original amount of \$600,000; bears interest at 5.75%. Monthly principal and interest payments of \$3,804, with final balloon payment estimated at \$457,666; matures on May 1, 2029. Accrued interest payable totaled \$0 at December 31, 2020 and 2019. Net of amortized loan fees of \$6,041 and \$6,758 as of December 31, 2020 and 2019, respectively (Note 1). | 582,555 | 593,789 |
| Total notes payable | 772,637 | 868,789 |
| Less: unamortized loan costs | (6,041) | (6,758) |
| | <u>\$ 766,596</u> | <u>\$ 862,031</u> |

Interest expense on the related-party note payable was \$13,723 and \$11,859 for the years ended December 31, 2020 and 2019, respectively. Interest expense on the loan to the Bank was \$34,415 and \$20,419 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, the Organization was in substantial compliance with the covenants, conditions, and restrictions included in the loan agreements.

The future principal payments on the notes payable are as follows:

| Years ending December 31, | | | |
|---------------------------|-----------|-----------------------|--|
| 2021 | \$ | 45,655 | |
| 2022 | | 21,972 | |
| 2023 | | 23,280 | |
| 2024 | | 151,601 | |
| 2025 | | 15,146 | |
| Thereafter | | 514,983 | |
| | \$ | <u>772,637</u> | |

NOTE 5 – NET ASSETS

When it voted to open the Pacific Premier Bank Money Market Building Fund, the Pantry's Board of Directors designated all funds held in the account to the acquisition of a suitable building for the primary location of the Fallbrook Food Pantry, in addition to any necessary improvements as appropriate for the continuation and expansion of the Pantry's services, and the continued operation and maintenance of the acquired location. As such, the entire balance of the Money Market Building Fund is classified as board-designated net assets without donor restriction as of December 31, 2020 and 2019.

**Fallbrook Food Pantry
Notes to Financial Statements
December 31, 2020 and 2019**



NOTE 5 – NET ASSETS, (CONTINUED)

Net assets consist of the following at December 31:

| | 2020 | 2019 |
|--|------------|------------|
| Without donor restriction: | | |
| Designated by the board for building purchase, improvements, operation, and maintenance | \$ 15,047 | \$ 6,203 |
| Undesignated | 853,491 | 630,965 |
| | 868,538 | 637,168 |
| With donor restriction: | | |
| Learning center kitchen | - | 7,250 |
| | - | 7,250 |
| Total net assets | \$ 868,538 | \$ 644,418 |

NOTE 6 – LEASE AGREEMENTS

Capital leases

Equipment under capital lease consists of a walk-in freezer and cooler with total capitalized costs of \$48,215 at December 31, 2020 and 2019. The assets and liabilities under capital lease are recorded at the lower of present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the estimated productive life. Amortization of assets under capital leases was \$9,648 and \$4,020 for the years ended December 31, 2020 and 2019, respectively, and is included in depreciation and amortization expense. Interest on the capital lease was \$2,238 and \$1,147 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments are as follows for the years ending December 31:

| | | |
|------------------------------|----|-----------|
| 2021 | \$ | 11,025 |
| 2022 | | 11,025 |
| 2023 | | 11,025 |
| 2024 | | 4,594 |
| | | 37,669 |
| Amount representing interest | | (3,544) |
| | | \$ 34,125 |

Rental Income

The Organization owns the building located at 140 Brandon Road, Fallbrook, California and leased the entire building to the former owner of the property under a short-term operating lease from April through July 2019. Rental income under the lease agreement totaled \$21,413 for the year ended December 31, 2019.

**Fallbrook Food Pantry
Notes to Financial Statements
December 31, 2020 and 2019**



NOTE 7 – EFFECTS OF THE CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) occurred in Asia and has since spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, the U.S. declared a state of emergency. COVID-19 has caused a severely negative impact on the world economy, and has contributed to significant declines and volatility in financial markets.

Many of the Pantry’s older volunteers had to pause their service due to the high-risk nature of their age group. This caused difficulties in maintaining sufficient personnel to serve the Pantry’s clients throughout the year. Since the Pantry experienced an increase in households requiring the Organization’s services, employees had to work excess hours to keep up with the increased need. The Pantry cancelled its Thanksgiving Walk/Run event in 2020, but still held its annual Golf Tournament Event in August 2020. Although the golfing portion of the event occurred in person, the meal portion of the event was held virtually. In March, the Pantry transitioned from a market-style distribution format to a pre-bagged walk-up format to limit the contact of individuals with each other, Pantry volunteers, and the food being distributed. Neighborhood distribution occurred both in a drive-up style and a market-style of distribution. Due to the closure of schools, the Pantry’s Food for Thought program was discontinued indefinitely during 2020. Additionally, due to the limited services allowable to restaurants and grocery stores, the Farmers to Families program was started (Note 1). Despite the decrease in volunteers, the Pantry was able to sustain distribution to the increased number of households served during the year.

Due to the pandemic, the Pantry received \$56,750 coronavirus-related grants during the year ended December 31, 2020. Additionally, the Pantry received increased monetary and food donations during the year as the community generously responded to the increased need for the Pantry by households experiencing difficulties due to the pandemic and mandated lockdowns.

NOTE 8 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization’s financial assets as of December 31, 2020, reduced by amounts not available for general expenditure within one year. Financial assets include assets that are considered unavailable when illiquid or not convertible to cash within one year and receivables not available for general expenditure.

| | <u>2020</u> |
|--|-------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 287,668 |
| Investments in marketable securities | 13,888 |
| Accounts receivable | 420 |
| Financial assets, at year-end | <u>301,976</u> |
| Less those unavailable for general expenditure within one year | <u>-</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 301,976</u> |

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.



NOTE 9 – SUBSEQUENT EVENTS (UNAUDITED)

During 2021, the Pantry accelerated the planned payments made to pay down the related-party note payable (Note 4). As of April 15, 2021, the Pantry has repaid \$136,669 in principal to the related-party note payable.

Continued effects of health epidemics including the recent coronavirus outbreak – The COVID-19 pandemic (Note 7) has continued to affect the Pantry’s programs and operations through April 15, 2021. In February 2021, the Pantry resumed its market-style distribution, with additional precautions in place such as pre-bagged produce and sufficient room for social distancing. The Pantry is planning to resume special events as in-person events during 2021.

The Pantry continues to struggle with maintaining sufficient volunteers to assist in serving the community. Additionally, as unemployment continues to be a problem, the Pantry’s client base has consistently increased. However, as vaccines continue to be given, volunteers who paused their services have been steadily returning to serve the increasing need within the community.

While the Pantry has maintained positive cash flows since the pandemic began, if needed, the Pantry is able to obtain additional funds by applying for additional grants, obtaining a line of credit, refinancing the mortgage note payable with equity cash out, or selling real properties. Additionally, the Pantry is able to limit its spending if needed by reducing staff, reducing salaries, or deferring salaries.

Due to its cash position as of April 15, 2021, and due to its ability to obtain additional funding if needed, the Pantry does not believe the pandemic will have a significant long-term effect on its financial condition. The Pantry expects its donors to continue providing generous support, and does not expect significant decreases in its cash position through April 2021. The Pantry cannot anticipate all the ways in which health epidemics such as COVID-19 could adversely impact its operating results. Although the Pantry is continuing to monitor and assess the effects of the COVID-19 pandemic on its programs and operations, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 15, 2020, the date the financial statements were available to be issued, and determined that no additional subsequent events have occurred that would require recognition on the consolidated financial statements or disclosure in the notes thereto.



Appendix A

**Fallbrook Food Pantry
Statement of Functional Expenses
For the Year Ended December 31, 2020**



| | Program Services | | | | | Supporting Services | | | | 2020 Total | |
|---------------------------------------|---------------------|---------------------------|---------------------|-------------------|-------------------|------------------------|------------------|------------------|------------------------|-------------------|---------------------------|
| | Daily Market | Neighborhood Distribution | Farmers to Families | Senior Programs | EFAP | Total Program Services | Special Events | Fundraising | Management and General | | Total Supporting Services |
| Salaries and wages | \$ 18,667 | \$ 4,647 | \$ 1,893 | \$ 5,994 | \$ 12,516 | \$ 43,717 | \$ 22,101 | \$ 28,688 | \$ 14,295 | \$ 65,084 | \$ 108,801 |
| Payroll tax expense | 1,627 | 405 | 165 | 522 | 1,091 | 3,810 | 1,780 | 2,376 | 1,147 | 5,303 | 9,113 |
| Food and supplies for distribution | 965,460 | 240,348 | 97,903 | 309,988 | 647,334 | 2,261,033 | - | - | - | - | 2,261,033 |
| Storage | 548 | 136 | 55 | 175 | 366 | 1,280 | - | - | - | - | 1,280 |
| Building function and repairs | 2,748 | 685 | 279 | 883 | 1,844 | 6,439 | 552 | 1,932 | 276 | 2,760 | 9,199 |
| Gas and electric | 4,417 | 1,099 | 448 | 1,418 | 2,961 | 10,343 | 887 | 3,103 | 443 | 4,433 | 14,776 |
| Utilities | 2,929 | 729 | 297 | 940 | 1,964 | 6,859 | 119 | 418 | 60 | 597 | 7,456 |
| Vehicles | 2,620 | 652 | 266 | 841 | 1,756 | 6,135 | - | - | - | - | 6,135 |
| Equipment | 82 | 21 | 8 | 27 | 56 | 194 | - | - | - | - | 194 |
| Telephone and internet | 2,014 | 501 | 204 | 647 | 1,351 | 4,717 | 404 | 1,415 | 202 | 2,021 | 6,738 |
| Security | 1,099 | 273 | 111 | 353 | 736 | 2,572 | 220 | 772 | 110 | 1,102 | 3,674 |
| Marketing | 5,338 | 1,329 | 541 | 1,714 | 3,580 | 12,502 | 4 | 1,786 | 2 | 1,792 | 14,294 |
| Bank fees | - | - | - | - | - | - | - | - | 364 | 364 | 364 |
| Insurance | 2,625 | 654 | 266 | 843 | 1,761 | 6,149 | 527 | 1,845 | 264 | 2,636 | 8,785 |
| Interest | 15,271 | 3,802 | 1,549 | 4,903 | 10,240 | 35,765 | 3,066 | 10,730 | 1,533 | 15,329 | 51,094 |
| Dues and subscriptions | 3,046 | 758 | 309 | 978 | 2,043 | 7,134 | 2,400 | - | 4,010 | 6,410 | 13,544 |
| Technology hardware and software | 1,009 | 251 | 102 | 324 | 676 | 2,362 | 202 | 708 | 101 | 1,011 | 3,373 |
| Janitorial services and supplies | 54 | 14 | 6 | 17 | 36 | 127 | 11 | 38 | 5 | 54 | 181 |
| Office and postage | 3,215 | 800 | 326 | 1,032 | 2,156 | 7,529 | 645 | 2,259 | 323 | 3,227 | 10,756 |
| Workers compensation | 336 | 84 | 34 | 108 | 225 | 787 | 68 | 236 | 34 | 338 | 1,125 |
| Accounting | 5,974 | 1,488 | 606 | 1,919 | 4,007 | 13,994 | 1,200 | 4,199 | 600 | 5,999 | 19,993 |
| IT consulting | 1,795 | 447 | 182 | 576 | 1,203 | 4,203 | 360 | 1,261 | 180 | 1,801 | 6,004 |
| Conferences, workshops, and trainings | - | - | - | - | - | - | - | - | 25 | 25 | 25 |
| Volunteer and donor appreciation | 507 | 126 | 51 | 163 | 340 | 1,187 | - | - | - | - | 1,187 |
| Community collaborative events | 468 | 116 | 47 | 150 | 314 | 1,095 | - | - | - | - | 1,095 |
| Golf tournament | - | - | - | - | - | - | 14,623 | - | - | 14,623 | 14,623 |
| Property taxes | (1,742) | (434) | (177) | (560) | (1,169) | (4,082) | (350) | (1,225) | (175) | (1,750) | (5,832) |
| Miscellaneous | 281 | 70 | 29 | 90 | 188 | 658 | 362 | 14 | 152 | 528 | 1,186 |
| Depreciation | 17,772 | 4,425 | 1,802 | 5,707 | 11,917 | 41,623 | 3,568 | 12,487 | 1,784 | 17,839 | 59,462 |
| | \$ 1,058,160 | \$ 263,426 | \$ 107,302 | \$ 339,752 | \$ 709,492 | \$ 2,478,132 | \$ 52,749 | \$ 73,042 | \$ 25,735 | \$ 151,526 | \$ 2,629,658 |

**Fallbrook Food Pantry
Statement of Functional Expenses
For the Year Ended December 31, 2019**



| | Program Services | | | | | Supporting Services | | | | 2019 Total | |
|---------------------------------------|---------------------|---------------------------|------------------|------------------|-------------------|------------------------|------------------|------------------|------------------------|-------------------|---------------------------|
| | Daily Market | Neighborhood Distribution | Food for Thought | Senior Programs | EFAP | Total Program Services | Special Events | Fundraising | Management and General | | Total Supporting Services |
| Salaries and wages | \$ 22,830 | \$ 5,635 | \$ 73 | \$ 983 | \$ 5,201 | \$ 34,722 | \$ 19,980 | \$ 24,844 | \$ 12,996 | \$ 57,820 | \$ 92,542 |
| Payroll tax expense | 1,801 | 444 | 6 | 77 | 410 | 2,738 | 1,569 | 1,954 | 1,020 | 4,543 | 7,281 |
| Food and supplies for distribution | 1,102,969 | 272,261 | 3,523 | 47,474 | 251,292 | 1,677,519 | - | - | - | - | 1,677,519 |
| Rent | 13,462 | 3,323 | 43 | 579 | 3,067 | 20,474 | 1,755 | 6,143 | 878 | 8,776 | 29,250 |
| Storage | 1,389 | 343 | 4 | 60 | 316 | 2,112 | - | - | - | - | 2,112 |
| Building function and repairs | 2,202 | 544 | 7 | 95 | 502 | 3,350 | 287 | 1,005 | 144 | 1,436 | 4,786 |
| Gas and electric | 9,670 | 2,387 | 31 | 416 | 2,203 | 14,707 | 1,261 | 4,412 | 630 | 6,303 | 21,010 |
| Utilities | 5,695 | 1,406 | 18 | 245 | 1,298 | 8,662 | 142 | 495 | 71 | 708 | 9,370 |
| Paint and material supplies | 851 | 210 | 3 | 37 | 194 | 1,295 | 111 | 388 | 55 | 554 | 1,849 |
| Moving expenses | 929 | 229 | 3 | 40 | 212 | 1,413 | 121 | 424 | 61 | 606 | 2,019 |
| Vehicles | 2,404 | 594 | 8 | 103 | 548 | 3,657 | - | - | - | - | 3,657 |
| Equipment | 67 | 17 | - | 3 | 15 | 102 | - | - | - | - | 102 |
| Telephone and internet | 3,171 | 783 | 10 | 137 | 723 | 4,824 | 413 | 1,447 | 207 | 2,067 | 6,891 |
| Security | 915 | 226 | 3 | 39 | 209 | 1,392 | 119 | 418 | 60 | 597 | 1,989 |
| Marketing | 3,139 | 775 | 10 | 135 | 715 | 4,774 | 60 | 2,498 | 30 | 2,588 | 7,362 |
| Bank fees | - | - | - | - | - | - | - | - | 54 | 54 | 54 |
| Insurance | 2,619 | 646 | 8 | 113 | 597 | 3,983 | 341 | 1,195 | 171 | 1,707 | 5,690 |
| Interest | 15,577 | 3,845 | 50 | 670 | 3,549 | 23,691 | 2,031 | 7,107 | 1,015 | 10,153 | 33,844 |
| Dues and subscriptions | 778 | 192 | 2 | 34 | 177 | 1,183 | 1,981 | - | 2,614 | 4,595 | 5,778 |
| Technology hardware and software | 2,327 | 574 | 7 | 100 | 530 | 3,538 | 303 | 1,062 | 152 | 1,517 | 5,055 |
| Janitorial services and supplies | 97 | 24 | - | 4 | 22 | 147 | 13 | 44 | 6 | 63 | 210 |
| Office and postage | 2,770 | 684 | 9 | 119 | 631 | 4,213 | 361 | 1,264 | 181 | 1,806 | 6,019 |
| Workers compensation | 568 | 140 | 2 | 24 | 129 | 863 | 74 | 259 | 37 | 370 | 1,233 |
| Accounting | 1,157 | 286 | 4 | 50 | 264 | 1,761 | 151 | 528 | 75 | 754 | 2,515 |
| IT consulting | 1,969 | 486 | 6 | 85 | 449 | 2,995 | 257 | 899 | 128 | 1,284 | 4,279 |
| Fundraising | - | - | - | - | - | - | - | 6,000 | - | 6,000 | 6,000 |
| Conferences, workshops, and trainings | - | - | - | - | - | - | - | - | 150 | 150 | 150 |
| Volunteer and donor appreciation | 1,302 | 321 | 4 | 56 | 297 | 1,980 | - | - | - | - | 1,980 |
| Community collaborative events | 296 | 73 | 1 | 13 | 68 | 451 | - | - | - | - | 451 |
| Golf tournament | - | - | - | - | - | - | 27,722 | - | - | - | 27,722 |
| Thanksgiving walk/run | - | - | - | - | - | - | 6,206 | - | - | - | 6,206 |
| Property taxes | 3,523 | 870 | 11 | 152 | 803 | 5,359 | 459 | 1,608 | 230 | 2,297 | 7,656 |
| Miscellaneous | 1,273 | 314 | 4 | 55 | 289 | 1,935 | 232 | - | 183 | 415 | 2,350 |
| Depreciation and amortization | 17,461 | 4,310 | 56 | 752 | 3,978 | 26,557 | 2,276 | 7,967 | 1,138 | 11,381 | 37,938 |
| | \$ 1,223,211 | \$ 301,942 | \$ 3,906 | \$ 52,650 | \$ 278,688 | \$ 1,860,397 | \$ 68,225 | \$ 71,961 | \$ 22,286 | \$ 162,472 | \$ 2,022,869 |