

**Food in Need of Distribution, Inc.**

dba FIND Food Bank

Financial Statements  
and Single Audit Reports and Schedules

June 30, 2024

(With Comparative Totals for 2023)



## TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 22
Single Audit Reports and Schedules	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24 - 25
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	26 - 28
Schedule of Expenditures of Federal Awards	29 - 30
Notes to Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs	32 - 33
Summary Schedule of Prior Audit Findings	34



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Food in Need of Distribution, Inc.  
dba FIND Food Bank

### **Opinion**

We have audited the accompanying financial statements of Food in Need of Distribution, Inc. (a California nonprofit corporation) dba FIND Food Bank ("FIND"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food in Need of Distribution, Inc. dba FIND Food Bank as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food in Need of Distribution, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Change in Accounting Principle**

As described in Note 3 to the financial statements, FIND has adopted Financial Accounting standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 Food in Need of Distribution, Inc.'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Food in Need of Distribution, Inc.'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 Food in Need of Distribution, Inc.'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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, on our consideration of FIND's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FIND's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FIND's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited Food in Need of Distribution, Inc. dba FIND Food Bank's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

St. Louis, Missouri

March 26, 2025

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Statement of Financial Position  
June 30, 2024  
(With Comparative Totals for 2023)

	2024	2023
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 12,178,171	\$ 9,388,766
Agency receivables	85,490	66,138
Grants and contributions receivable	393,062	405,278
Inventory	1,974,788	2,047,430
Prepays and other current assets	50,136	196,463
Total current assets	14,681,647	12,104,075
Non-current assets		
Property and equipment, net	8,976,339	7,292,636
Deposits	1,500	1,500
Total non-current assets	8,977,839	7,294,136
Total assets	\$ 23,659,486	\$ 19,398,211
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,300,369	\$ 332,766
Note payable, current portion	-	70,710
Current portion of finance lease liabilities	5,436	5,436
Total current liabilities	1,305,805	408,912
Long-term liabilities		
Note payable, net of current portion	-	835,361
Finance lease liabilities, net of current portion	10,680	20,080
Total long-term liabilities	10,680	855,441
Total liabilities	1,316,485	1,264,353
Net assets		
Without donor restrictions		
Undesignated	2,052,940	3,364,998
Board designated - operating reserve	2,000,000	2,000,000
Board designated - disaster reserve	1,000,000	1,000,000
Board designated - capital reserve	1,000,000	1,000,000
Inventory	1,974,788	2,047,430
Property and equipment, net	8,976,339	7,292,636
Total without donor restrictions	17,004,067	16,705,064
With donor restrictions	5,338,934	1,428,794
Total net assets	22,343,001	18,133,858
Total liabilities and net assets	\$ 23,659,486	\$ 19,398,211

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

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Statement of Activities  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
Support and revenue				
Contributions in-kind food - non-government	\$ 27,252,412	\$ -	\$ 27,252,412	\$ 27,809,427
Government support - in-kind food	12,785,315	-	12,785,315	12,305,993
Grants and contributions	2,581,080	2,604,507	5,185,587	3,934,522
Government support	2,802,886	3,027,271	5,830,157	1,832,646
Other income	370,344	-	370,344	276,928
Special events, net	185,180	-	185,180	280,602
Interest income	350,978	-	350,978	181,732
Net assets released from restriction	<u>1,721,638</u>	<u>(1,721,638)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>48,049,833</u>	<u>3,910,140</u>	<u>51,959,973</u>	<u>46,621,850</u>
Functional expenses				
Program services	45,934,272	-	45,934,272	44,394,468
Support services				
Management and general	1,223,532	-	1,223,532	817,757
Fundraising	<u>593,026</u>	<u>-</u>	<u>593,026</u>	<u>630,785</u>
Total support services	<u>1,816,558</u>	<u>-</u>	<u>1,816,558</u>	<u>1,448,542</u>
Total functional expenses	<u>47,750,830</u>	<u>-</u>	<u>47,750,830</u>	<u>45,843,010</u>
Change in net assets	299,003	3,910,140	4,209,143	778,840
Net assets, beginning of year	<u>16,705,064</u>	<u>1,428,794</u>	<u>18,133,858</u>	<u>17,355,018</u>
Net assets, end of year	<u>\$ 17,004,067</u>	<u>\$ 5,338,934</u>	<u>\$ 22,343,001</u>	<u>\$ 18,133,858</u>

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

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Statement of Functional Expenses  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	Program Services	Support Services		2024 Total	2023 Total
		Management and General	Fundraising		
Personnel expenses					
Salaries and wages	\$ 1,597,844	\$ 398,222	\$ 259,545	\$ 2,255,611	\$ 2,157,770
Employee benefits	232,806	45,947	16,411	295,164	291,453
Payroll taxes	121,289	43,374	21,398	186,061	135,320
Total personnel expenses	<u>1,951,939</u>	<u>487,543</u>	<u>297,354</u>	<u>2,736,836</u>	<u>2,584,543</u>
Donated food and supplies distributed	40,332,008	-	-	40,332,008	39,835,061
Purchased food and supplies distributed	1,771,151	-	-	1,771,151	722,001
Depreciation	497,356	62,170	62,170	621,696	513,014
Occupancy costs	213,960	8,827	-	222,787	497,282
Shipping and freight	422,705	1,650	-	424,355	468,305
Transportation and vehicles	247,062	4,355	37	251,454	210,333
Professional services	16,593	324,892	3,230	344,715	228,991
Direct mail and advertising	1,645	5,358	190,193	197,196	176,782
Telephone and computers	94,608	148,350	8,729	251,687	147,055
Supplies and materials	123,085	489	274	123,848	103,020
Repairs and maintenance	113,688	8,490	370	122,548	86,276
Insurance	70,699	3,511	-	74,210	65,489
Travel and meeting expenses	32,139	24,037	8,632	64,808	51,455
Office expenses	14,593	20,035	2,154	36,782	38,789
Interest	-	42,591	-	42,591	43,666
Contract labor	6,150	67,131	1,800	75,081	26,698
Bank charges and other fees	4,414	9,238	17,682	31,334	25,412
Member fees	20,477	4,865	401	25,743	18,838
	<u>\$ 45,934,272</u>	<u>\$ 1,223,532</u>	<u>\$ 593,026</u>	<u>\$ 47,750,830</u>	<u>\$ 45,843,010</u>
Percentage of total	<u>96.2 %</u>	<u>2.6 %</u>	<u>1.2 %</u>	<u>100.0 %</u>	

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

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Statement of Cash Flows  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 4,209,143	\$ 778,840
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	621,696	513,014
In-kind contributions of food (including government)	(40,037,727)	(40,115,420)
Distribution of food received in-kind	40,332,008	39,835,061
Contributions restricted for long-term purposes	(3,296,030)	-
Changes in operating assets and liabilities		
Agency receivables	(19,352)	(44,930)
Grants and contributions receivable	12,216	170,206
Inventory	(221,639)	91,858
Prepays and other current assets	146,327	(121,880)
Accounts payable and accrued expenses	<u>967,603</u>	<u>114,179</u>
Net cash provided by operating activities	<u>2,714,245</u>	<u>1,220,928</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(2,305,399)</u>	<u>(221,088)</u>
Net cash used in investing activities	<u>(2,305,399)</u>	<u>(221,088)</u>
Cash flows from financing activities		
Cash received from contributions restricted for long-term purposes	3,296,030	-
Principal payments on finance lease liabilities	(9,400)	(13,716)
Principal payments on note payable	<u>(906,071)</u>	<u>(74,042)</u>
Net cash provided by (used in) financing activities	<u>2,380,559</u>	<u>(87,758)</u>
Net increase in cash and cash equivalents	2,789,405	912,082
Cash and cash equivalents, beginning of year	<u>9,388,766</u>	<u>8,476,684</u>
Cash and cash equivalents, end of year	<u>\$ 12,178,171</u>	<u>\$ 9,388,766</u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 42,591	\$ 43,666
--	-----------	-----------

Supplemental schedule of noncash investing and financing activities

Construction in progress included in accounts payable	\$ 1,014,149	\$ -
---	--------------	------

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

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

1. NATURE OF OPERATIONS

Food In Need of Distribution, Inc. dba FIND Food Bank ("FIND") is a nonprofit 501(c)(3) organization incorporated in 1983. FIND is the trusted leader dedicated to ending hunger in the Coachella Valley Desert Region of the state. Since its inception, FIND has become one of the larger food banks in California, and is now recognized as the Desert's Regional Food Bank. In its service area, FIND is the largest hunger relief organization and also the largest food rescue organization, providing food to an average of more than 150,000 people each month. FIND mobilizes individuals, companies and community partners to connect people to the nutritious food they need. Over 25% of the food distributed is fresh produce. FIND also plays a leading role in promoting federal nutrition programs and educating families on how to make better food choices.

As part of its determination to ensure that every person who needs a meal gets a meal, FIND's strategic plan focuses on the following areas:

- *Efficiency* - Optimizing the food supply chain to maximize impact with clients its serves;
- *Outreach* - Using a hands-on approach to connect the food insecure to food and other resources that can support them increasing their self-sufficiency, and;
- *Leadership* - Leading and educating the community as an expert in the issue of hunger.

FIND measures its success based on increasing the number of meals provided to hungry households in the community, reducing the cost per pound of food distributed, and maintaining or improving the nutritional quality of the food provided.

FIND procures food donations from a number of channels including local manufacturers, growers, and retailers; corporate and community food drives; government food programs such as United States Department of Agriculture ("USDA") and United States Department of the Treasury ("USDT"); and the California Association of Food Banks' Farm to Family Program, which provides large volumes of fresh fruits and vegetables. FIND provides food through its direct distribution sites and by supplying food to partnering nonprofit agencies at more than 152 different food distribution sites. In addition, local households signed up by FIND for food stamps benefits (under the Supplemental Nutrition Assistance Program ("SNAP")) were able to obtain over 1.6 million additional pounds of food by virtue of that successful outreach effort. The incremental food provided via FIND's efforts both via direct distribution and public outreach totaled over 20 million meals to the community in one year.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

2. PROGRAM SERVICES

FIND offers three major categories of program services to the community. The suite of programs is designed to help support food insecure individuals transition from their dependency on core food distribution programs to self-sufficiency in feeding themselves, with a strong understanding that all individuals' situation has a unique set of circumstances. For each individual how they utilize FIND programs within this program impact framework is dependent on the client's situational needs. FIND recognizes, appreciates and respects these factors and supports clients for any length of time needed to ensure their primal needs of food intake for health is met.

Ending Hunger for Today Programs

This suite of programs is designed to provide access to clients' core needs of healthy foods through food distribution sites to be able to survive and have the ability to thrive.

- *Agency Partners* - FIND collaborates with community-based organizations to help supply their food pantries and food distributions at more than 100 different distribution sites for low-income members of the community. Types of partners include soup kitchens, religious organizations, homeless shelters and low income housing complexes.
- *FIND Free Community Mobile Markets ("FCMM")* - FIND offers 46 direct food distribution service programs per month to low income geographic locations that have very limited access to affordable food sources (aka "Food Deserts") and/or heavily impacted low income communities whose affordable food sources and agency partners are not ample enough to supply the food need to adequately feed that community. Partners engaged in FIND's direct distributions include low income housing complexes, schools, community centers, senior centers, and business and city owned parking lots. Distributions are focused on either general community food distributions, child specific and/or senior specific food distributions.
- *The Emergency Food Assistance Program ("TEFAP")* - The emergency food assistance program is the federal USDA food commodities program administered through the State of California. As a contractor to the state of California for this program, FIND utilizes 25 of its agency partners' network and its 46 FCMM's to ensure the distribution of these food items to the community, serving an average of 13,000 households and 30,000 individuals monthly. TEFAP accounts for approximately 30% of FIND's food supply.
- *The Commodity Supplemental Food Assistance Program ("CSFP")* - The CSFP is a USDA program administered by the California Department of Social Services. CSFP works to improve the health of individuals at least 60 years of age by supplementing their diets with one monthly box of nutritious USDA commodity foods at no cost. As a California State contracted local agency, FIND utilizes 24 of its agency partners' network and over 45 FCMM's to ensure distribution throughout its service area, serving over 3,750 seniors monthly. CSFP accounts for approximately 22% of FIND's food supply.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

2. PROGRAM SERVICES (continued)

Ending Hunger for Today Programs (continued)

- *Disaster Food Distribution* - FIND is the Coachella Valley Desert's Regional Food Bank recognized by both the state and country as the main supplier of disaster food distribution to the community.
- *Home Delivery Program* - Many older adults are homebound due to inability to drive, lack of transportation, or the inability to travel by themselves. To ensure these seniors receive the proper nutrition necessary for a healthier life, FIND Food Bank Client Services team members conduct an intake, determine eligibility, and then, deliver a food box to qualifying older adults.
- *Child Hunger Program* - Child Hunger strategy is designed to address the nutritional needs of food-insecure children. Hungry children lack the energy to learn and play. Poor nutrition and missed meals can result in both short-term and lifelong consequences for growing kids, including health issues, behavioral problems, lower grades, higher dropout rates, and diminished prospects for higher learning and job opportunities in life. FIND provides food through its KIDS Farmers Markets, KIDS Summer Markets and School Snack program to more than 35 elementary, middle and high schools.
- *College Market Program* - Research shows that 2 in every 5 University of California students are food insecure. In the California State University system, 1 in 4 students often don't know where they'll find food for their next meal. FIND's College Market Program helps students stay in school, graduate, and find work at well-paying jobs. We partner with 10 college campuses to provide consistent access to nutritious food, ensuring that all students have enough to eat so they can succeed in their studies.

Ending Hunger for Tomorrow Programs

This suite of programs is designed to address food insecurity and improve access to private and public benefits to support the progression to self-sufficiency.

- *CalFresh SNAP Outreach* - The CalFresh Program formerly known as Food Stamps and known as SNAP (Supplemental Nutrition Assistance Program) provides resources for people and families in need so they can shop for groceries using an EBT card. CalFresh is designed to help families buy a greater amount of healthy, nutritious food each month. FIND has a team of 4 fulltime staff members who are dedicated to providing CalFresh enrollment and education in our service region.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

2. PROGRAM SERVICES (continued)

Ending Hunger for Tomorrow Programs (continued)

- *Community Health Workers ("CHW")* - CHW are trained staff members who work to improve public health and access to life-saving services. our team includes trusted community members who understand the makeup of surrounding cities and can help residents navigate various community-based services, state and national benefits programs, and financial and healthcare resources. They are experts in navigating complex systems of care and listen to client stories and concerns to determine the best route for assistance. When you come in for a consultation, a FIND CHW will walk you step-by-step through benefits applications, financial resource programs, and other opportunities to improve health and well-being.
- *Nutrition Education & Fresh Produce Program* - FIND's nutrition policy focuses on five key food groups in acquiring and distributing food to our network. Our distribution of fresh fruits, vegetables, protein, dairy, and whole grains align with the USDA MyPlate recommendations for a nutritious, well-rounded diet. Through this policy and program FIND is committed to distributing 40% of fresh produce to our food distribution network.

Ending Hunger for Lifetime Programs

This suite of programs is designed to address the root causes of hunger to support the breaking of poverty cycles and achieve self-sufficiency.

- *Youth Advisory Council (FYAC)* - The FYAC program unites student leaders from across the Coachella Valley to help advise FIND on hunger in our communities and apply new ideas for local solutions to child hunger. FYAC is leading the change of tomorrow by discussing solutions and taking action to address issues facing our community today.
- *Opportunity Bank* - Opportunity Bank is an Activity Fee Scholarship program. Through this program participants receive a scholarship to fund students in extracurricular activities who are limited due to finances. This program incorporates financial literacy training and provides personalized management by a FIND Community Health Worker. Recipients also have a chance to work with local Universities to support studies of program effectiveness and impact.
- *FIND Success* - FIND Food Bank's workforce development programs provides eligible community members with the chance to acquire new skills and attain industry certifications, individuals take the next stride towards a stable and fulfilling career.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). FIND reports its financial position and operating activities in two classes of net assets:

- *Net assets without donor restrictions* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of FIND. Under this category, FIND maintains the operating reserve fund, the disaster reserve fund, and the capital reserve fund.
- *Net assets with donor restrictions* - include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the end of the current reporting period.

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with the expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to agency receivables.

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

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative financial information

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

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

FIND considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Agency, grants, and contributions receivable

FIND considers all agency, grants, and contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. FIND uses the direct write-off method for bad debts.

Inventory

Inventory consists of donated food and non-food items, purchased food, United States Department of Agriculture ("USDA") and United States Department of the Treasury ("USDT") commodities received from the government. Donated non-government products were valued at \$1.97 and \$1.93 per pound for the years ended June 30, 2024 and 2023, respectively. This valuation is based on a cost study conducted for Feeding America. USDA and USDT commodities received during the fiscal years ended June 30, 2024 and 2023 were valued at \$1.74 and \$1.57 per pound, respectively. Purchased food approximates actual cost and is valued utilizing the first in, first out ("FIFO") method. Product purchased during the fiscal year ended June 30, 2024 and 2023, was valued at cost and averaged \$1.19 and \$1.23 per pound, respectively.

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from three to seven years for vehicles, office furniture and equipment, and 39 years for buildings and building improvements. Equipment purchases over \$1,000 are capitalized. Depreciation is recorded as a decrease in net assets without donor restrictions and the expense is charged to the activity benefiting from the use of the facilities or equipment. Amounts expended for maintenance and repairs are charged to operations as incurred.

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

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and promises to give

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions. For contributions with donor restrictions funds are reported as increases in restricted net assets. When the restriction is met, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

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

FIND receives a significant amount of government cash and in-kind food assistance through local, state and federally funded reimbursement programs. The revenue generated from these programs is recorded as government support in the statement of activities. This government 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. FIND has elected the simultaneous release option to account for these grants. Therefore, they are recorded as government assistance without donor restrictions upon satisfaction of the barriers. In the event amounts are received and barriers have not yet been met, FIND records such amounts as refundable advance until barriers have been overcome.

Contributions in-kind

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. FIND also receives donated services that do not require specific expertise but which are nonetheless central to FIND's operations. While these contributed services are not reflected in the financial statements, the estimated value of these services is disclosed in Note 9.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are generally received under contracts from federal, state, county and city agencies. These contracts are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization has elected a simultaneous release option to accounts for these grants and contracts and thus are recorded as grants and contracts without donor restriction upon satisfaction of the barriers. Amounts received prior to incurring qualifying expenditures or performing the required services are reported as deferred revenue.

The Organization received conditional contributions related to government grants that have not been recognized in the statement of activities. At June 30, 2024, the Organization has been approved for cost reimbursable grants of approximately \$3,323,234 that have not been recognized because qualifying expenditures have not yet been incurred.

Allocation of functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, management estimates FIND's indirect salary expense allocation based on individual employees estimated time spent by function or time studies. Management's estimate of other indirect costs are based on salary expense, poundage, or actual food distribution by counties.

Advertising costs

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2024 and 2023 totaled \$27,891 and \$23,293, respectively.

Income tax status

Food in Need of Distribution, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701d of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements.

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

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

FIND has evaluated events and transactions subsequent to June 30, 2024 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 26, 2025, the date the financial statements were available to be issued, see Note 13 for subsequent event.

4. INVENTORY

Inventory consisted of the following:

	2024	2023
Donated non-government food and supplies	\$ 520,182	\$ 797,406
Government food commodities and supplies	1,171,766	1,188,822
Purchased food	282,840	61,202
	\$ 1,974,788	\$ 2,047,430

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2024	2023
Buildings	\$ 4,681,893	\$ 4,681,891
Land	2,531,970	2,531,970
Equipment	1,866,468	1,866,468
Vehicles	1,627,941	1,580,018
Solar System	575,520	583,988
Building improvements	286,887	286,887
Computer equipment	130,105	130,105
Construction in progress	2,264,634	14,600
	13,965,418	11,675,927
Accumulated depreciation	(4,989,079)	(4,383,291)
	\$ 8,976,339	\$ 7,292,636

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$621,696 and \$513,014, respectively.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

5. PROPERTY AND EQUIPMENT (continued)

The construction in progress is a build out of 45,000 square feet of a Food Security Campus to serve Southern California communities across 10,000 square miles. The expansion will also provide services – such as workforce development, financial literacy courses, healthcare program outreach, and continuing education scholarships – to end food insecurity for a lifetime.

6. NOTE PAYABLE

On November 2017, FIND entered into a \$1,272,360 mortgage loan agreement with Bank of America. The loan terms consist of an interest rate of 4.55% computed on a 360-day year, a seven-year life, and requires equal monthly payments of \$9,809 with the remaining principal due with the last payment which is due on December 10, 2024. The loan is collateralized by the real property.

The note payable is subjected to covenant clauses whereby FIND is required to meet certain key financial ratios on an annual basis. FIND was in compliance with the covenant clauses for the years ended June 30, 2024 and 2023. The loan was paid in full during the fiscal year ended June 30, 2024.

7. BOARD DESIGNATED NET ASSETS

As part of FIND's annual review of designated assets, the Board adopted specific guidelines for establishing the level of each designation as follows:

*Operating reserve* - These reserves are commonly held by nonprofit organizations and food banks for unexpected events. The reserved amount is sufficient to maintain ongoing operations and programs - allowing FIND to continue food distribution services for a period of 4 months based on its current average monthly expense rate of approximately \$458,000.

*Disaster reserve* - FIND is a disaster response food bank for the State of California and Riverside County, ensuring that people affected by a disaster have access to food until recovery is established. As such, it is critical that disaster response funds are reserved allowing FIND to quickly respond to disasters until further funds can be raised to support efforts.

*Capital reserve* - These reserve funds are commonly held by food banks as part of business continuity planning because of the vast nature of facilities, equipment and fleet required to provide food distribution services to the community. The fund will allow FIND to quickly replace, repair or expand capital items to ensure that there is no interruption of daily operations, which could dramatically affect people who are food insecure.

Food in Need of Distribution, Inc.  
 dba FIND Food Bank  
 Notes to Financial Statements  
 June 30, 2024  
 (With Comparative Totals for 2023)

7. BOARD DESIGNATED NET ASSETS (continued)

Board designated net assets consisted of the following:

	2024	2023
Operating reserve	\$ 2,000,000	\$ 2,000,000
Disaster reserve	1,000,000	1,000,000
Capital reserve	1,000,000	1,000,000
	\$ 4,000,000	\$ 4,000,000

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2024	2023
Purpose restrictions		
Community mobile markets	\$ 150,000	\$ 420,000
Healthy food purchasing	117,759	199,009
Senior hunger	192,307	150,000
Outreach services	1,150,000	125,000
Opportunity bank	96,838	85,285
Building fund and capital projects	3,296,030	-
	5,002,934	979,294
Time restrictions		
Operations	336,000	449,500
	336,000	449,500
	\$ 5,338,934	\$ 1,428,794

Food in Need of Distribution, Inc.  
 dba FIND Food Bank  
 Notes to Financial Statements  
 June 30, 2024  
 (With Comparative Totals for 2023)

8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year ended June 30 were as follows:

	2024	2023
Purpose restrictions		
Healthy food purchasing	\$ 581,159	\$ 81,358
Community mobile markets	520,200	490,000
Outreach services	194,000	171,000
Senior hunger	159,000	-
Opportunity bank	8,446	-
Building fund and capital projects	-	24,573
	1,462,805	766,931
 Time restricted		
Operations	258,833	4,481
	258,833	4,481
	\$ 1,721,638	\$ 771,412

FIND had no net assets subject to restrictions in perpetuity as of June 30, 2024 and 2023.

9. CONTRIBUTIONS IN-KIND

Donated non-government products were valued at \$1.97 and \$1.93 per pound for the years ended June 30, 2024 and 2023, respectively. Donated government food was valued at \$1.74 and \$1.57 per pound for the years ended June 30, 2024 and 2023, respectively. This valuation is based on a cost study conducted for Feeding America.

Contributions in-kind consisted of the following:

	2024	2023
Non-government in-kind food	\$ 27,252,412	\$ 27,809,427
Government in-kind food	12,785,315	12,305,993
	\$ 40,037,727	\$ 40,115,420

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

9. CONTRIBUTIONS IN-KIND (continued)

FIND also receives donated services that do not require specific expertise but which are nonetheless central to FIND's operations. During the years ended June 30, 2024 and 2023, FIND received 33,781 and 30,034 hours of volunteer time, respectively. The estimated value of these services for the years ended June 30, 2024 and 2023, respectively, based on the estimated dollar value of volunteer time calculated by Independent Sector, amounts to \$1,304,275 and \$1,068,023, respectively. The value of these services is not reflected in the financial statements.

10. CONTINGENCIES

Contingencies

Grants and contracts awarded to FIND are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, FIND could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended June 30, 2024.

Legal proceedings

In the ordinary course of its operations, FIND is engaged in occasional litigation. Management anticipates no significant adverse outcomes related to any such ongoing activity to have a material adverse effect on FIND's financial condition, results of activities or cash flows.

11. CONFLICT OF INTEREST

FIND has adopted a conflict of interest policy for Board members and employees whereby the fact or appearance of a person's loyalties or actions are divided between FIND's interests and those of another, such as a competitor, supplier, or customer, are to be avoided. Any exceptions to this guideline must be approved in writing by FIND's President and CEO. Any close relationships between an employee and either a competitor, supplier, or customer, must be disclosed by the employee in writing to the personnel department. Employees who enter into a personal relationship with a subordinate employee or with an employee of a competitor, supplier, or customer, should be made aware that a conflict of interest may exist, and would require full disclosure to FIND. The members of the Board of Directors are required to submit an annual disclosure regarding any conflicts of interest. Failure to adhere to these guidelines, including failure to disclose any conflicts or seek an exception, may result in discipline, up to and including termination of Board position.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Short-term receivables consists of agency receivables and grants and contributions receivable and are expected to be received within one year from June 30, 2024. Short-term agency receivables and grants and contributions receivable without donor restrictions will be available to support general operations of FIND.

Financial assets available to meet cash needs for general expenditures within one year of June 30, consisted of the following:

	2024	2023
Available financial assets:		
Cash and cash equivalents	\$ 12,178,171	\$ 9,388,766
Agency receivables	85,490	66,138
Grants and contributions receivable	<u>393,062</u>	<u>405,278</u>
	<u>12,656,723</u>	<u>9,860,182</u>
Less amounts unavailable for general expenditure within one year:		
Board designated - disaster reserve	(1,000,000)	(1,000,000)
Board designated - capital reserve	(1,000,000)	(1,000,000)
Net assets restricted for specified purposes	<u>(5,002,934)</u>	<u>(979,294)</u>
	<u>\$ 5,653,789</u>	<u>\$ 6,880,888</u>

The Board designated operating reserve totaling \$2,000,000 is available if and when needed for general expenditures.

13. SUBSEQUENT EVENTS

Subsequent to year-end, on August 27, 2024, Food in Need of Distribution, Inc. ("FIND") entered into a New Market Tax Credit ("NMTC") financing arrangement to support the expansion of its food distribution operations and capital improvements through the construction of a new Food Security Campus.

Under this arrangement:

- FIND secured \$11.27 million in NMTC financing through a qualified community development entity ("CDE").

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

13. SUBSEQUENT EVENTS (continued)

- The NMTC transaction provides low-interest, forgivable debt financing to fund the development of a new warehouse.
- The financing structure includes a leverage loan provided by FIND and outside investors, along with NMTC equity contributions from a NMTC investor.
- The NMTC compliance period extends seven years, during which FIND must meet programmatic and financial covenants outlined in the financing agreements.

Management anticipates that this financing will significantly enhance FIND's ability to expand food access, improve operational efficiencies, and support underserved communities. The transaction is not expected to have an immediate material impact on the organization's financial position, though it may affect long-term debt and lease obligations.

In addition to the above financing, FIND, Inc. received a \$3,500,000 Line of Credit Loan from H.N. and Frances C. Berger Foundation, for the exclusive purpose of constructing a second facility to expand the food bank campus to conduct the promotion of the public welfare.

SINGLE AUDIT REPORTS AND SCHEDULES



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

To the Board of Directors  
Food in Need of Distribution, Inc.  
dba FIND Food Bank

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Food in Need of Distribution, Inc. (a California nonprofit corporation) dba FIND Food Bank ("FIND"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 26, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether FIND's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Armanino<sup>LLP</sup>  
St. Louis, Missouri

March 26, 2025



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

To the Board of Directors  
Food in Need of Distribution, Inc.  
dba FIND Food Bank

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Food in Need of Distribution, Inc. (a California nonprofit corporation) dba FIND Food Bank ("FIND")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of FIND's major federal programs for the year ended June 30, 2024. FIND's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FIND and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of FIND's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

## **Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FIND’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FIND’s compliance with the requirements of each major federal program as a whole.

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

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

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
St. Louis, Missouri

March 26, 2025

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>Expenditures of Federal Awards</u>				
U.S. Department of Agriculture				
Passed through				
California Department of Social Services				
Food Distribution Cluster				
Emergency Food Assistance Program (Food Commodities)	10.569	MOU-22-06006	\$ 11,014,393	\$ 8,540,211
Emergency Food Assistance Program (Administrative Costs)	10.568	MOU-22-06006	673,142	-
Commodity Supplemental Food Program (Food Commodities)	10.565	MOU-22-6055	3,323,105	-
Commodity Supplemental Food Program (Administrative Costs)	10.565	MOU-22-6055	<u>393,770</u>	<u>-</u>
Total Food Distribution Cluster			15,404,410	8,540,211
Passed through California Department of Social Services - California Association of Food Banks				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	18-7013	<u>338,948</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>15,743,358</u>	<u>8,540,211</u>
U.S. Department of Homeland Security-Federal Emergency Management Agency				
Passed through				
Riverside County Department of Social Services				
Homelessness Program Unit				
Emergency Food and Shelter National Board Program - Phase 39 Administrative Costs District 4 and 5	97.024	LRO 082000-009	42,020	-
Emergency Food and Shelter National Board Program - Phase 40 Administrative Costs District 3 and 4	97.024	LRO 082000-009	35,232	-
Emergency Food and Shelter National Board Program - APRA-R	97.024	LRO 082000-009	<u>249,998</u>	<u>-</u>
Total U.S. Department of Homeland Security- Federal Emergency Management Agency			<u>327,250</u>	<u>-</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

Food in Need of Distribution, Inc.  
 dba FIND Food Bank  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development Passed through City of Indio Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>24,000</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>24,000</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 16,094,608</u>	<u>\$ 8,540,211</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
 are an integral part of this schedule.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Food in Need of Distribution, Inc. (a California nonprofit corporation) dba FIND Food Bank ("FIND") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of FIND, it is not intended to and does not present the financial position, changes in net assets, or cash flows of FIND.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. FOOD DISTRIBUTION

The amounts reported for "Food Commodities" programs represent the dollar value of the U.S. Department of Agriculture ("USDA") and the U.S. Department of the Treasury ("USDT") food commodities distributed to FIND during the year. The USDA and other distributors provide the current value of the commodities to compute the amounts reported. At June 30, 2024, FIND had USDA food commodities totaling \$1,171,766 and no USDT food commodities in inventory.

4. INDIRECT COSTS

FIND has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Food in Need of Distribution, Inc.  
 dba FIND Food Bank  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number</u>
Food Distribution Cluster	
Emergency Food Assistance Program (Administrative Costs)	10.568
Emergency Food Assistance Program (Food Commodities)	10.569
Commodity Supplemental Food Program - (Food and Administrative Costs)	10.565

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2024

SECTION IV - SUMMARY OF PRIOR AUDIT FINANCIAL STATEMENT FINDINGS

There were no prior year findings.