

# BONK, CUSHMAN, EAGLE & GARCIA

CERTIFIED PUBLIC ACCOUNTANTS

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## SAN DIEGO HUNGER COALITION AUDITED FINANCIAL STATEMENTS DECEMBER 31, 2020

### TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT

1-2

FINANCIAL STATEMENTS

Statement of Financial Position

3

Statement of Activities and Changes in Net Assets

4

Statement of Functional Expenses

5

Statement of Cash Flows

6

Notes to the Financial Statements

7-13

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
San Diego Hunger Coalition

### *Opinion*

We have audited the accompanying financial statements of San Diego Hunger Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, 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 San Diego Hunger Coalition as of December 31, 2020, 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. 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 San Diego Hunger Coalition and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of 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 San Diego Hunger Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## *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 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 San Diego Hunger Coalition'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 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 San Diego Hunger Coalition'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.

*Bonk, Cushman, Eagle & Garcia*

Bonk, Cushman, Eagle & Garcia

July 15, 2021

**SAN DIEGO HUNGER COALITION**

Statement of Financial Position

December 31, 2020

ASSETS:

Current Assets	
Cash & Cash Equivalents	\$ 666,547
Grants Receivable - CalFresh Contract	325,913
Grants Receivable - Other	600
Prepaid Expenses	1,985
Total Current Assets	<u>995,045</u>
 Total Assets	 <u>\$ 995,045</u>

LIABILITIES:

Current Liabilities	
Accounts Payable	\$ 227,902
Accounts Payable - CalFresh Contract	275,026
SBA PPP Loan	117,300
Payroll Liabilities	22,299
Total Current Liabilities	<u>642,527</u>

Commitments and Contingencies (Note 6)

NET ASSETS:

Without Donor Restrictions	98,687
With Donor Restrictions	253,831
Total Net Assets	<u>352,518</u>
 Total Liabilities & Net Assets	 <u>\$ 995,045</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**SAN DIEGO HUNGER COALITION**  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE &amp; SUPPORT:</b>			
Government Grant - CalFresh Contract	\$ 657,350	\$ -	\$ 657,350
Contributions & Grants	150,692	1,180,977	1,331,669
Interest	60	-	60
Other Income	6,730	-	6,730
Net Assets Released from Restrictions	<u>1,055,616</u>	<u>(1,055,616)</u>	<u>-</u>
 Total Revenue & Support	 1,870,448	 125,361	 1,995,809
<b>EXPENSES:</b>			
CalFresh Program	707,596	-	707,596
School Meals Program	489,883	-	489,883
Food Systems Program	346,315	-	346,315
Policy Advocacy Program	86,709	-	86,709
Management & General	130,570	-	130,570
Fund-Raising	<u>141,327</u>	<u>-</u>	<u>141,327</u>
 Total Expenses	 <u>1,902,400</u>	 <u>-</u>	 <u>1,902,400</u>
 Change in Net Assets	 (31,952)	 125,361	 93,409
 Net Assets, Beginning of Year	 <u>130,639</u>	 <u>128,470</u>	 <u>259,109</u>
 Net Assets, End of Year	 <u>\$ 98,687</u>	 <u>\$ 253,831</u>	 <u>\$ 352,518</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**SAN DIEGO HUNGER COALITION**

Statement of Functional Expenses  
For the Year Ended December 31, 2020

	PROGRAM SERVICES				SUPPORTING SERVICES		Total
	CalFresh	School Meals	Food Systems	Policy Advocacy	Management & General	Fund-Raising	
Payroll & Related							
Salaries & Wages	\$ 129,089	\$ 107,629	\$ 83,770	\$ 51,673	\$ 70,485	\$ 109,873	\$ 552,519
Payroll Taxes	10,876	9,522	7,051	4,403	6,064	9,340	47,256
Employee Benefits	15,260	12,171	8,191	2,044	4,188	7,663	49,517
Total Payroll & Related	<u>155,225</u>	<u>129,322</u>	<u>99,012</u>	<u>58,120</u>	<u>80,737</u>	<u>126,876</u>	<u>649,292</u>
Other Expenses							
Accounting & Audit	4,365	2,904	1,880	575	12,795	2,332	24,851
Conferences & Meetings	135	58	16	31	319	21	580
Contractors - CalFresh	515,413	-	-	-	-	-	515,413
Contractors - Information Tech.	105	83	62	12	4,158	238	4,658
Contractors - Research	-	-	5,369	-	-	-	5,369
Contractors - School Meals	-	41,186	-	-	-	-	41,186
Contractors - Other	3,400	-	30,093	22,821	4,328	1,219	61,861
Insurance	437	338	226	63	496	267	1,827
Community Outreach	5,270	1,185	172	-	179	-	6,806
Miscellaneous	359	372	1,554	458	3,555	413	6,711
Occupancy	15,771	8,869	5,738	2,897	16,145	7,124	56,544
Printing	493	1,978	25	9	32	163	2,700
Staff Training & Education	22	182	10	4	617	14	849
Staff Travel & Mileage	2,045	390	16	1,141	88	54	3,734
Subcontractors & Re-granting	-	300,000	200,000	-	-	-	500,000
Supplies & Equipment	1,181	828	511	177	5,696	680	9,073
Telephone, Internet & Website	3,375	2,188	1,631	401	1,425	1,926	10,946
Total Other Expenses	<u>552,371</u>	<u>360,561</u>	<u>247,303</u>	<u>28,589</u>	<u>49,833</u>	<u>14,451</u>	<u>1,253,108</u>
Total Expenses	<u>\$ 707,596</u>	<u>\$ 489,883</u>	<u>\$ 346,315</u>	<u>\$ 86,709</u>	<u>\$ 130,570</u>	<u>\$ 141,327</u>	<u>\$ 1,902,400</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**SAN DIEGO HUNGER COALITION**

Statement of Cash Flows

For the Year Ended December 31, 2020

CASH FLOWS FROM:

Operating Activities:	
Change in Net Assets	\$ 93,409
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) / Decrease in:	
Grants Receivable - CalFresh Contract	15,283
Grants Receivable - Other	37,784
Prepaid Expenses	(427)
Increase / (Decrease) in:	
Accounts Payable	226,182
Accounts Payable - CalFresh Contract	2,714
SBA PPP Loan	117,300
Payroll Liabilities	(11,998)
Net Cash Provided by Operating Activities	<u>480,247</u>
Net Increase in Cash & Cash Equivalents	480,247
Cash and Cash Equivalents at:	
Beginning of Year	<u>186,300</u>
End of Year	<u><u>\$ 666,547</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**Note 1. Nature of Organization**

The San Diego Hunger Coalition (“SDHC”) leads coordinated action to end hunger in San Diego County. We do this through collaboration, research, education and advocacy. Our vision is that everyone in San Diego County has enough food for an active, healthy life.

SDHC helps families purchase healthy food.

CalFresh – known as the Supplemental Nutrition Assistance Program or SNAP at the federal level – is our nation’s best defense against hunger. CalFresh is a monthly grocery supplement for low-income Californians, which has been proven to not only reduce food insecurity but improve children’s health outcomes. To increase participation in this vital program, SDHC provides training, technical assistance, and funding from the State CalFresh outreach contract through California Association of Food Banks (CAFB) to partner agencies that guide low-income individuals and families through the enrollment process. SDHC also leads the CalFresh Task Force which brings the County of San Diego Health & Humans Services Agency together with more than 40 community-based organizations countywide to learn about best practices in client advocacy, discuss regulatory changes, launch new partnerships, and coordinate outreach.

SDHC reduces child hunger by expanding school meals and other child nutrition programs.

SDHC provides training and technical assistance for school districts and youth-serving organizations to launch or expand meal programs for children, with a focus on breakfast, after-school and summer meal programs. SDHC helps partners assess their options and eligibility for various nutrition programs and provides hands-on guidance with the application process, arranging vendors and sites, reporting and audits, and strategies for boosting participation. SDHC also leads the Hunger Free Kids Task Force which is the leading resource for starting new meal sites and improving existing sites, with the goal of increasing participation in meals countywide.

SDHC advocates for policy and program changes to end hunger and increase access to healthy food.

SDHC advocates on behalf of the nearly a million San Diegans with limited access to healthy, affordable food by engaging with key decision makers and supporting improvements to anti-hunger programs and policies. With a finger on the pulse of hunger issues affecting the San Diego region, SDHC is a resource for county, state and federal policymakers, providing research summaries, issue briefs, and case studies of what is happening on the ground in San Diego to inform policy and program decisions. SDHC leads the Hunger Advocacy Network, a collaborative of 19 human service agencies, food banks and advocacy organizations working together to shape state and federal policies and facilitates opportunities for interested citizens to engage in advocacy through its Hunger Free Activist platform.

SDHC provides research and leadership to create a more effective and interconnected system of food assistance resources. In 2016, SDHC launched Hunger Free San Diego, a collaborative planning effort to end hunger in our region supported by research and driven by evidence-based solutions. Hunger Free San Diego is guided by a local Advisory Board of more than 30 CEOs, decision-makers and experts representing food banks, pantries, social service agencies, government, healthcare, school districts, philanthropy, and other aligned collaboratives. In 2020, SDHC developed the Hunger Free Navigator Program, creating pathways for both agencies and community members to engage in strengthening food assistance programs and access.



**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**Note 2. Summary of Significant Accounting Policies**

*Basis of Accounting:* The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

*Accounting Pronouncements Adopted:* In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. SDHC adopted this update, along with all subsequent amendments (collectively, “ASC 606”) in 2020 under the modified retrospective method. Additionally, SDHC applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations related to contracts with an expected duration of less than one year. The effect of SDHC’s adoption of ASC 606 is outlined below.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. SDHC adopted this update on a prospective basis and the effects of the adoption are outlined below.

The effect of ASC 606 and ASU 2018-08 on SDHC’s financial statements were examined in conjunction with one another. SDHC’s revenue-producing arrangements do not meet the definition of a contract under ASC 606, as the arrangement does not have commercial substance and does not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. SDHC reassessed the nature of its revenue-producing arrangements to ensure alignment with the definition of a contract under ASC 606 and exchange transaction under ASU 2018-08. The following changes in accounting policies occurred during the year ended December 31, 2020, as a result of the implementation of the ASC 606 and ASU 2018-08.

- Contribution and grant revenue were accounted for under ASC 958-605, *Not-For-Profit Entities, Revenue Recognition*, before the implementation of the new standards. With the clarifications outlined in ASU 2018-08, SDHC management reviewed existing agreements as of the effective date, as well as new agreements for 2020, and concluded that there are no material changes in revenue related to contributions and grants.

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**Note 2. Summary of Significant Accounting Policies, continued**

Accounting Pronouncements Adopted, continued:

- Government grants and contracts: Under ASU 2018-08, these arrangements constitute contributions since the customer does not receive commensurate value for the consideration received by SDHC; rather, the purpose of the arrangement is for the benefit of the general public. Therefore, SDHC management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement of funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. Therefore, under the prospective approach, there was no material change in the revenue recognition for government grants and contracts.

Basis of Presentation: The financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

*Net assets with donor restrictions:* net assets with donor-imposed restrictions are the net assets that are contributions subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by the passage of time or can be fulfilled and removed by action of SDHC pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

SDHC reports unconditional contributions restricted by donors as increases in net assets with donor restrictions in the reporting period in which the revenue is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. SDHC reports conditional contributions with restrictions by donors as increases in net assets without donor restrictions in the reporting period in which the condition has been satisfied and revenue has been recognized, and when the time restriction ends, or purpose restriction is accomplished.

Cash and Cash Equivalents: SDHC has defined cash and cash equivalents as cash in banks and certificates of deposits with an initial maturity of three months or less.

Grants Receivable – CalFresh Contract: Grants Receivable – CalFresh Contract are receivables from a cost-reimbursement contract with the California Association of Food Banks. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary as of December 31, 2020.

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**Note 2. Summary of Significant Accounting Policies, continued**

*Property and Equipment:* Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$2,000 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the useful lives of the assets, which are seven years for furniture and five years for equipment.

*Accounts Payable – CalFresh Contract:* As part of the contract with the California Association of Food Banks, SDHC subcontracts with local agencies to provide CalFresh outreach. Upon receiving payments on Grants Receivable – CalFresh Contract, SDHC pays subcontractors.

*Donated Materials and Services:* Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by SDHC. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

*Use of Estimates:* The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Functional Allocation of Expenses:* The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of SDHC providing these services.

**Note 3. Income Tax Status**

SDHC is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d), respectively, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code is subject to federal income tax. SDHC currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

GAAP requires SDHC management to evaluate tax positions taken by SDHC and recognize a tax liability if SDHC has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. Management has analyzed tax positions taken by SDHC and has concluded that, as of December 31, 2020, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements. SDHC is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress.

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**Note 4. Concentration of Credit Risk on Cash**

SDHC maintains its operating cash account in one bank located in California. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total uninsured cash balance on December 31, 2020, was \$494,948. SDHC has not experienced any losses in this account and does not consider this to be a significant credit risk on cash.

**Note 5. Concentration of Economic Risk**

SDHC's activities are concentrated in the County of San Diego. For the year ended December 31, 2020, reimbursements related to the California Association of Food Banks contracts represent 33% of SDHC's revenue. Management is not aware of the existence of any pending severe or substantial funding cutbacks.

SDHC maintained reimbursement contracts with organizations in San Diego County conducting Cal Fresh enrollment activities for which it invoiced the California Association of Food Banks and then passed through the reimbursement to subcontractors. Of the total grant revenue from the CalFresh Contract of \$657,350, \$515,413, or 78% was passed through to subcontractors.

**Note 6. Commitments and Contingencies**

*Contracts:* SDHC's contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, SDHC has no provisions for the possible disallowance of program costs on its financial statements.

*Obligations Under Operating Lease:* On October 1, 2015, SDHC extended its office space lease for a term of five years that expires on October 31, 2020. Base rent payments were \$2,335 per month and payments increase 3% annually on the anniversary of the relocation date, November 1. On February 15, 2017, SDHC expanded its office space in the same building and amended the lease terms previously noted. Base rent payments increased to \$4,203 per month beginning March 1, 2017 and payments increase 3% on the anniversary of the relocation date, March 1. This lease expired on February 28, 2021.

SDHC is charged for common area maintenance charges, parking, and utilities in addition to the base rent. Total lease payments under this lease amounted to \$47,850 in the year ended December 31, 2020.

Future minimum lease payments, by year and in the aggregate, under this lease consist of the following:

<u>Years ending December 31:</u>	
2021	<u>\$ 9,186</u>

SDHC entered into a month-to-month lease agreement for a smaller office space, beginning February 1, 2021.

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**Note 7. Employee Benefits**

SDHC offers a retirement plan qualified under Section 401(k) of the Internal Revenue Code. Employees may make contributions of up to the maximum amount allowed by the Internal Revenue Code. SDHC contributed \$10,862 to the plan for the year ended December 31, 2020.

Accumulated unpaid employee vacation benefits are recognized as liabilities of SDHC. As of December 31, 2022, the liability for accrued vacation is \$22,299. Accrued sick leave is not recorded as a liability but is recorded as an expense in the period taken since such benefits do not vest nor can the probability of payment be reasonably estimated.

**Note 8. SBA PPP Loan**

SDHC received a promissory note from First Republic Bank for the Paycheck Protection Program (PPP) to help SDHC through the COVID-19 pandemic. On April 25, 2020, SDHC received a promissory note in the amount of \$117,300 with a fixed annual interest rate of 1%. This note has the potential to be forgiven at the end of either an 8- or 24-week period depending on when these funds are used up on qualified expenses. To the extent it is not forgiven, the note will bear interest at 1%, payable in 18 installments beginning at a date to be determined subsequent to the SBA's forgiveness decision. No payments will be due on the note from the date of the first disbursement until the forgiveness decision date; however, interest continues to accrue during the deferment period. Payments of principal and interest are then due monthly thereafter.

SDHC submitted their forgiveness application on March 8, 2021, and on March 24, 2021, First Republic Bank informed SDHC that all principal and interest was forgiven in full.

**Note 9. Liquidity and Availability of Financial Assets**

SDHC's working capital and cash flows are relatively consistently throughout the year due to year-round grant writing and fundraising. To manage liquidity SDHC maintains adequate cash balances.

The following reflects SDHC's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	<u>12/31/2020</u> \$ 993,060
Less those unavailable for general expenditures within one year, due to: Donor-restricted to programs and operations (see Note 10)	<u>(253,831)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 739,229</u>

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**Note 10. Net Assets with Donor Restrictions**

Net assets with donor restriction activities for the year ended December 31, 2020, and balances on December 31, 2020, are available for the following purposes:

<u>Purpose</u>	<u>12/31/19</u>	<u>Additions</u>	<u>( Released )</u>	<u>12/31/20</u>
Multi-purpose	\$ -	\$ 250,116	(\$ 164,854)	\$ 85,262
Cal Fresh	47,638	94,019	( 71,002)	70,655
Hunger Free San Diego	-	70,000	( 32,100)	37,900
Other	19,039	45,000	( 29,039)	35,000
San Diego Food Funders	-	37,408	( 19,171)	18,237
School Meals	42,714	610,617	( 646,554)	6,777
Operations	<u>19,079</u>	<u>73,817</u>	<u>( 92,896)</u>	<u>-</u>
	<u>\$128,470</u>	<u>\$1,180,977</u>	<u>(\$ 1,055,616)</u>	<u>\$253,831</u>

**Note 11. Subsequent Events**

The management of SDHC has reviewed the results of operations and evaluated subsequent events for the period of time from its year end December 31, 2020, through July 15, 2021, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**COVID-19:**

On January 30, 2020, the World Health Organization declared the novel coronavirus outbreak a public health emergency. SDHC responded to the coronavirus outbreak by enabling its employees who can work remotely to do so, maintaining operations that could be done while maintaining appropriate social distancing, banning all business travel, and placing a temporary hold on most in-person meetings.

Given the dynamic nature of these circumstances, it is too early to tell what effect these changes will have on the business in the short term. SDHC will continue to monitor the situation closely, but given the uncertainty about the situation, SDHC cannot estimate the impact to the SDHC financial statements.