



of SANTA CLARA and  
SAN MATEO COUNTIES

# 2016 Annual Report

Together we are building a hunger-free community

# Solving the Silicon Valley hunger paradox

Silicon Valley is a vibrant community at the center of technology and innovation. But it's also a place where hunger and malnutrition are pervasive. The soaring economy has generated immense wealth for some while increasing the cost of living for everybody, making it more difficult for many local families to put food on the table. **Today more kids, families and seniors depend on Second Harvest for food than at the height of the Great Recession.** It's the Silicon Valley hunger paradox. As the economy grows, so does the number of people who are struggling to make ends meet.

This new hunger paradox is having a profound impact on our community and creating new challenges for Second Harvest. Many who work jobs critical to the local economy can no longer afford to live here. They are moving to less-expensive areas and commuting, making it harder to reach them with our services. Astronomical rents are forcing families to crowd into cramped apartments and live in unconventional spaces like garages and sheds, often with no access to cooking facilities. The lack of access to nutrient-rich foods is hurting a growing number of adults, children and seniors in our community. The people we serve have higher rates of diabetes, hypertension and other diet-related ailments.

The sobering reality is we must do more to end local hunger by disrupting the way we connect hungry people to food. It's just too big and the challenges too great to solve with traditional food-banking alone. We believe it will require a comprehensive and deeply ambitious effort. This is reflected in our new three-year strategic plan, which includes goals to **increase the number of people served per month by 40 percent to 350,000 and grow the number of meals collectively provided annually by 15 million over the next three years.**

I don't want to sound overly optimistic, because this will be a monumental task that requires the community to come together and make ending local hunger a priority. Nevertheless, we believe our goals are attainable. Last fiscal year we continued to enhance our traditional food-banking operations while exploring innovative solutions that can help us achieve these goals. But we can't do it alone. **We hope you will join us as we lead the way to a hunger-free community.**

**KATHY JACKSON**  
CEO, Second Harvest Food Bank of Santa Clara and San Mateo Counties



For the 10th year in a row, Second Harvest has received Charity Navigator's four-star rating, and is one of the only nonprofits in the country to earn a perfect score of 100 for financial stability, accountability and transparency. At the Food Bank, 95 cents of every dollar goes to programs.



## VISION

A Hunger-Free Community

## MISSION

Lead our community to ensure that anyone who needs a healthy meal can get one

# Food is foundational to a healthy community

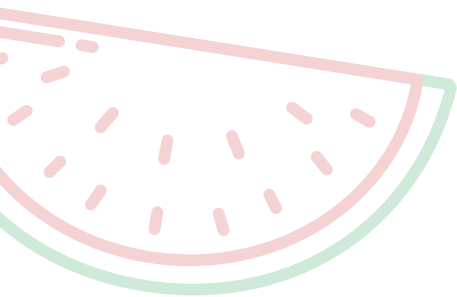
It would be easier to dismiss any sense of urgency around local hunger if we didn't have to think about the consequences. The statistics become incredibly heartbreaking when we get to know the real people behind those numbers – kids who go to school hungry and have trouble focusing, malnourished seniors who struggle to stretch their fixed incomes, college students who don't know where their next meal is coming from, and hardworking adults suffering from diet-fueled diseases like diabetes because they don't have access to healthy food.

With the new hunger paradox, many of our neighbors we depend on to make our community run can't afford to pay for housing and buy food in Silicon Valley – healthcare workers, landscapers, cooks and cashiers.

**This is what hunger looks like in one of the wealthiest areas in the country, where nearly 1 in 3 households doesn't earn enough to cover their basic needs.**

"Only after Second Harvest began helping a local school did the principal realize she had not been facing a discipline problem. She had been struggling with an invisible hunger problem. She confided in me that disruptions in the classroom, absenteeism, and even student health complaints were down considerably after her kids began getting breakfast and lunch. **The truth of the matter is that no child learns well on an empty stomach.**"

– KATHY JACKSON, CEO, Second Harvest Food Bank







## Second Harvest making a difference

Cindy went through the terrifying experience of returning home from driving her 10-year-old daughter to school to find her husband had passed away. He was only 52 years old, and they'd spent the previous 20 years side by side. They had a nice home in Redwood City. They had a happy young daughter in Shelby. Forced to face the grim reality that she was now the breadwinner for her daughter and herself, Cindy was stricken with grief and fear. "It was incredibly difficult. I had \$26 to my name. I hadn't been working," said Cindy.

Even with her hourly job and social security benefits from her husband's passing, life is difficult for Cindy and Shelby. "It's hard. I keep thinking he's going to walk through the door. And he's not going to walk through. It's a big thing that Second Harvest is the place people know they can get food. That's why I want to say thank you. If it wasn't for Second Harvest, my family would be going, uhh, where do we go? What do we do?"

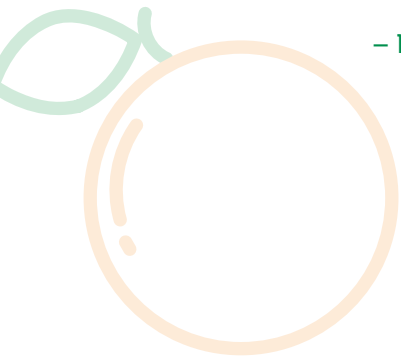
# Strategic plan goes beyond traditional food-banking

Since the start of the Great Recession, Second Harvest has seen the need for help increase like never before in our 40-year+ history. We had hoped the recovering economy would provide some relief. But with this new hunger paradox, the opposite has happened. Second Harvest is serving more people than we did at the height of the recession, and the number continues to climb. Solving the hunger problem will require us to double down on our core strengths while continuing to reinvent ourselves to adapt to the changing landscape.

**Second Harvest's new three-year strategic plan outlines five key initiatives aimed at enhancing our existing operations and innovating new solutions for ending local hunger.** It provides a well-developed game plan for confronting the challenges of local hunger while staying true to our mission. Although incredibly ambitious, it also includes pragmatic deliverables and measurable goals.

"We are adopting bold new initiatives to realize the vision of a hunger-free community. Food-banking will remain our core approach, but we will also **transform how hungry people access** food and lead a movement that prioritizes ending hunger at the same policy level as job creation, education, transportation and housing."

– KATHY JACKSON, CEO, Second Harvest Food Bank







# Strategic initiatives for a hunger-free community



1

## **MORE FOOD**

Expand our operations and pilot new sourcing models to make more food available.

2

## **HEALTHY FOOD**

Increase consumption of the nutritious foods that lead to a healthy, productive life.

3

## **BETTER ACCESS**

Improve access to nutritious food by identifying and reducing the barriers to getting it.

4

## **LEAD AND INFLUENCE**

Leverage key partnerships to ensure eligible people participate in public programs like school breakfast and food stamps.

5

## **MOONSHOT**

Launch an innovative effort to reimagine traditional food-banking and connect more people to food.



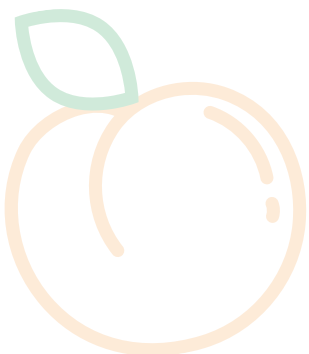
# Confronting hunger by providing more food

The enormity of the tens of millions of pounds of food Second Harvest must acquire and distribute is hard to visualize. Feeding an average of more than a quarter of a million people every month in two counties requires three warehouses, including a dedicated produce distribution center. Over the last three years, **we have invested more than \$1.8 million to enhance our infrastructure and streamline our supply chain, so we can do even more with every bulk-food and financial donation.**

We have implemented cycle counting in order to improve overall reliability and productivity. Best-in-class processes have been adopted to increase inventory turns and reduce overall food waste. A planned reconfiguration of our Curtner Center facility will further enhance product throughput and overall efficiency. We are also piloting new sources of food and developing new partnerships to further increase the number of meals we provide to the community.

“We provided more than **54 million meals through our network of over 320 community-based organizations at over 850 sites** last year. We rescued more than 33 million pounds of produce that would have otherwise been wasted. We increased the unique sites in our distribution network by 22 percent.”

– **RALPH MALTESE, Vice President of Operations, Second Harvest Food Bank**







Over the past 10 years,  
Second Harvest  
has grown significantly  
to better meet the needs  
of our community

#### WHAT WE PROVIDE\*:

Pounds distributed per year

**↑110%**

Meals distributed per day

**↑124%**

#### HOW WE PROVIDE IT\*:

Volunteer hours per year

**↑65%**

Facilities' square footage

**↑82%**

Number of trucks

**↑113%**

**\*10-YEAR INCREASE**





# Improving health with nutritious food

Nutritious food is a luxury for many of the families Second Harvest serves. That's a tragedy because nutritious food is critical to a healthy, productive life. **Our clients have higher rates of diet-related conditions like diabetes and hypertension.** One in 3 reports a member of their household has diabetes. More than half report a member of their household has high blood pressure. In a recent survey of current and potential clients, more than one-third said they or someone in their household lost work due to a health issue.

Second Harvest has long recognized the intersection between hunger and health, and already distributes more fresh produce than any food bank in the nation. We will continue to provide healthier food options, reduce the distribution of sugar-sweetened beverages, expand our nutrition education programs, and work with health organizations to connect more people to healthy food. A hunger-free community is also a healthier and more productive community.

"Armed with our Healthy Food and Beverage Policy, we are taking big steps forward in fighting illnesses linked to malnutrition. **We increased the amount of high-quality dairy and protein items we provided by a whopping 42 percent** through aggressive donation sourcing and a bulk-purchasing strategy. We also began gathering information about serving low-income diabetes patients by opening the first Food Pharmacy in California."

– ELENA HOLLANDER, Community Nutrition Manager, Second Harvest Food Bank









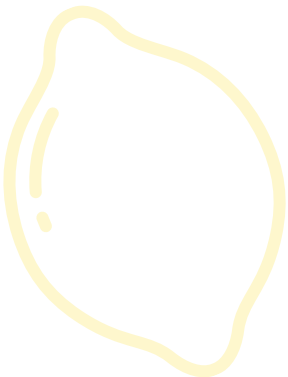
# Transforming how people access food

We are committed to continuing to break down the barriers preventing those in need from accessing our services. Nearly 1 in 3 households doesn't earn enough to be self-sufficient, which means they probably can't afford enough nutritious food to stay healthy. To increase food access, we went from 46 to 59 school programs, serving a total of 83 K-12 schools. We also added three new college programs for a total of six. **We provided food to an average of nearly 253,000 people every month – approaching 10,000 more than the previous year.**

Second Harvest has also undertaken a data-driven effort to better understand the size and scope of hunger in Silicon Valley. There are a number of barriers that keep people from obtaining food, even if it's free. It could be lack of transportation, conflicting schedules due to work or childcare duties, or cultural issues around asking for help. We will use the data we collect to develop targeted strategies for reaching key segments and make food available when, where and how it's needed.

**"We commissioned an ambitious market-sizing, segmentation and mapping effort to understand the local hunger landscape** and inform our efforts to enhance our services. We also secured a Listen for Good grant that allowed us to survey clients from our food distributions to learn about their experience and how we could improve our programs to better serve their needs."

– BRUNO PILLET, Vice President, Programs and Services,  
Second Harvest Food Bank









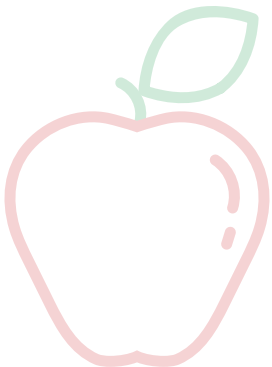
# Leading the way to a hunger-free community

We know we can't achieve a hunger-free community alone. This is why Second Harvest is leading efforts to connect more people to healthy food through strategic partnerships and by leveraging existing food-assistance programs like free and reduced-price school meals and other federally funded programs. Second Harvest is also collaborating with schools, libraries, and other government and community organizations in order to reach growing numbers of kids, families and seniors.

**Second Harvest will intensify efforts to partner with others who can help us expand our reach**, maximize existing resources, and make an even bigger impact on ending local hunger. Our partnership with the Santa Clara County Social Services Agency and the San Mateo County Human Services Agency, who locally administer the CalFresh program, is a powerful example of leveraging outside resources. Last year alone, our trained representatives helped people navigate the complicated registration process and access more than 2 million CalFresh meals.

"Our partnership with the Big Lift 'Inspiring Summer Camp' program meant that **30,000 meals and snacks were served to children and parents**. The results from having an opportunity to learn, without food insecurity, were amazing. Instead of showing the typical loss of reading skills during summer, these children from low-income households showed demonstrable progress."

– **CINDY McCOWN, Vice President, Community Engagement and Policy, Second Harvest Food Bank**





"My life work is feeding kids! Often there are barriers to accomplishing this goal for the neediest in our communities. Partnering with Second Harvest Food Bank to provide food service equipment to school districts in low-income areas has led to a doubling of breakfasts served. The impact is priceless: hungry kids are getting the nutrition they need and are ready to learn in school!"

**MARTHA O'ROURKE,**  
District Manager, Sodexo Education

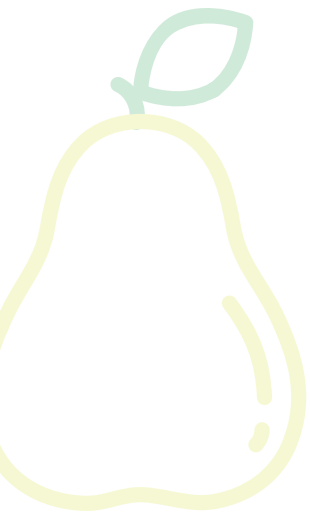
# Re-imagining food-banking with a moonshot

As the food bank of Silicon Valley, we are committed to leveraging the Valley's culture and resources to drive disruptive change in order to eliminate hunger. While Second Harvest has done significant work to reduce local hunger, the data tells us that traditional food-banking efforts are leaving gaps in the number of meals provided and people served. This is why Second Harvest has launched a "moonshot" innovation effort to re-imagine traditional food-banking and find new ways to connect people to food.

That could mean more effectively capturing food that would otherwise go to waste, taking better advantage of new information technology, increasing client involvement in program design, or leveraging the sharing economy in new ways. **Second Harvest is committed to identifying, designing and piloting a new model to connect with those we are not reaching today.** This is an exciting project that could lead to more effective solutions, including initiatives we might be able to scale nationally.

"Second Harvest is committed to pioneering innovative solutions that could have transformative impacts beyond our region. Business as usual won't get us much further – **we need to think bigger and bolder to really drive the change our community needs.**"

– KATE WILSON, Director of Project Management, Second Harvest Food Bank







## We Know

An estimated 450,000 people in Santa Clara and San Mateo counties are at risk of being hungry and not getting help

## We Believe

- Hunger is solvable
- Hunger has no place in the epicenter of innovation and prosperity
- If we can't solve hunger in Silicon Valley – nobody can

## We're Determined

- To lead the movement to end hunger in Silicon Valley
- To feed 40 percent more people per month by 2019

# Donors make a hunger-free community possible

As Second Harvest takes on bold new initiatives, we will need to secure more resources to support this work. We depend on donations from individuals, companies and foundations to operate, including the gifts of money, food, time and talent. During the year, food donors provided over 50 million pounds of food, including over 41 million pounds of rescued food that might otherwise have been discarded. We also leveraged more than 310,000 hours of volunteer service valued at \$6.6 million – more than doubling the size of our staff. Financial donations supported our operating budget of more than \$39 million.

Our new strategic plan gives donors the opportunity to be part of an ambitious and exciting effort to truly transform food-banking and build a hunger-free community. **Success will require us to form strategic partnerships with donors who are willing and able to make transformative gifts** that can really make an impact and move the dial on hunger. With our passion for the mission and our focus on innovation, data-driven decision-making, demonstrable efficiency, and continual process improvement, Second Harvest is well-poised to lead this effort. Donors have the power to make it all possible.

“What we do to stay competitive as a business is important, but what Second Harvest Food Bank does to feed the community is more important.”

– CHUCK ROBBINS, CEO, Cisco Systems





## Volunteers donated more than 310,000 hours of service valued at \$6.6 million

"My own childhood experience taught me that anyone can find themselves in circumstances where basic needs are left unmet. Compassion and support from the community can make a huge difference to the future of a family in need. Second Harvest not only distributes food, they distribute HOPE."

– REBECCA JACOBY, Sr. Vice President, Operations, Cisco Systems



## 75 percent of the food Second Harvest distributes is donated

United Natural Foods (UNFI), the leading organic and natural food distributor in North America, donated the equivalent of over 172,584 nutritious meals last year, including an astounding variety of products such as fresh eggs, milk, yogurt, cereal, snack items and more. Their partnership has helped tremendously with the Food Bank's ability to provide more than 1 million meals per week to our community.

"The relationship with Second Harvest is very important because we believe everyone deserves access to healthier food options. We're here to connect food to people – and do the right thing."

– CRYSTAL BRENNAN,  
General Manager, UNFI Gilroy





# Silicon Valley can end hunger

Imagine what it would be like to live in a hunger-free community. A place where everyone has access to the nutritious food they need to live healthy, productive lives. At Second Harvest, we believe it is possible. But it will require us to harness Silicon Valley's entrepreneurial spirit and make hunger elimination a priority in our community, at the same level as job creation, education, transportation and housing.

Right now Silicon Valley is a place where some are doing exceptionally well, and they should be rewarded for their hard work. But this prosperity has driven up the cost of living, leaving many hardworking families behind. In a vibrant area like Silicon Valley, children should not struggle in school because they are too hungry to concentrate. Fortunately, enormous positive change at the local level and beyond is possible if Silicon Valley brings the same ambitious spirit to confronting hunger that its disruptive culture has brought to overcoming challenges in other markets.

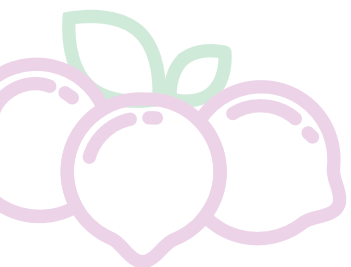
**Silicon Valley is a place where problems get solved and we need to focus this ingenuity on hunger.** We have an exciting opportunity to create a new paradigm for ending hunger locally and ultimately at a national level. There is a role for everyone to play. We need the big thinkers and the doers, the people who can write big checks and those who are willing to donate their time. We need everyone to join the movement to end hunger. We have to come together as a community and make hunger unacceptable. It's really that simple.

"We live in one of the wealthiest regions in the country, one that is experiencing tremendous success at an extraordinary time in history.

**We have a responsibility to take care of everyone in our community.**

It's unacceptable not to live up to that. It's simply the right thing to do."

– JOHN DONAHOE, Chairman of the Board, PayPal









# Board of Directors 2016 Fiscal Year

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## Second Harvest Food Bank

Based in Silicon Valley, Second Harvest Food Bank of Santa Clara and San Mateo Counties is one of the largest food banks in the nation. Currently providing food to more than one quarter of a million people every month, Second Harvest is a trusted community-based organization that was founded in 1974. Despite the immense wealth in Silicon Valley, and partly due to the high cost of living, hunger and malnutrition are pervasive. The Food Bank distributes nutritious food, including more fresh produce than any other food bank in the country, through a network of more than 320 nonprofit partners at more than 850 sites. Second Harvest is pursuing innovative efforts to increase access to food resources as it seeks to feed an additional 100,000 hungry people each month. To reach more people, it connects those in need to federal and state nutrition programs and other food resources.



We honored the following companies, community-based organizations, schools and individuals for their extraordinary fundraising efforts at our Make Hunger History Awards.

### BRASS RING

Any company or organization that earned 500,000 points or more in a single year

**Apple**  
**Applied Materials**  
**Cisco**  
**Cypress Semiconductor**  
**eBay**  
**Google**  
**SanDisk**

### CORPORATE FOOD BOWL

The company with the highest per capita points and more than 50,000 total points in a single year

**Cypress Semiconductor**

### EMPLOYEE FOOD BOWL

The company with the highest per capita employee points (corporate gifts not included) and more than 50,000 points in a single year

**Cypress Semiconductor**

### MILLION POUNDS CLUB

Any company or organization that accumulates the equivalent of a million pounds of food in points. Totals are cumulative year over year and recognized in increments of 5 million

*60 Million:*

**Cisco**

*30 Million:*

**Cypress Semiconductor**

*20 Million:*

**Google**

*1 Million:*

**Align Technology**

**Coherent**

**EMC Corporation**

### CORPORATE CHAMPION

The company with the highest total points in each of three size categories

*Fewer than 250 Participants:*

**Latham & Watkins**

*250-1,000 Participants:*

**Cypress Semiconductor**

*More than 1,000 Participants:*

**Google**

### COMMUNITY CHAMPION

Non-corporate groups with the highest total points in each of the three size categories

*Fewer than 250 Participants:*

**Dave Severns Memorial Golf Tournament**

*250-1,000 Participants:*

**Congregation Beth David**

*More than 1,000 Participants:*

**Menlo Atherton High School**



# Thank you

## to our 2015-2016 sponsors



Morgan Stanley



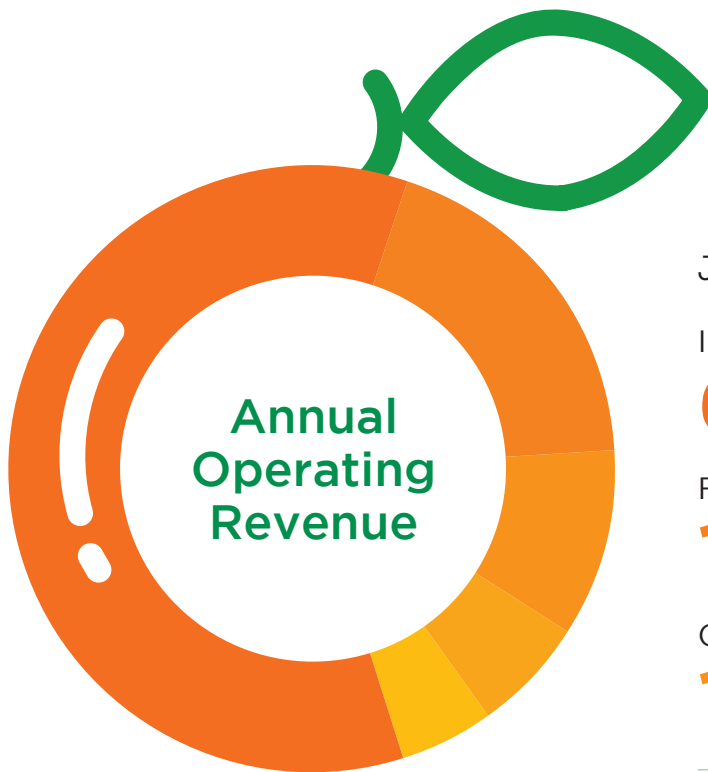
# Statement of Financial Position

	2016 Total
<b>ASSETS</b>	
Cash and Investments.....	\$38,318,775
Accounts Receivable .....	\$5,966,860
Food Inventory .....	\$3,557,758
Prepaid Expenses .....	\$732,323
Land, Building and Equipment .....	\$23,630,429
<b>TOTAL CURRENT ASSETS.....</b>	<b>\$72,206,145</b>
<b>LIABILITIES AND NET ASSETS</b>	
Accounts Payable and Accrued Expenses .....	\$2,433,918
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>\$2,433,918</b>
<b>NET ASSETS</b>	
Undesignated .....	\$500,000
Designated for Operating Reserves .....	\$18,784,228
Urgent Food and Infrastructure Fund .....	\$1,500,000
Designated for Inventory .....	\$3,557,758
Designated for Capital Replacement .....	\$8,909,935
Land, Building and Equipment Fund.....	\$23,630,429
Board Designated Endowment Fund.....	\$5,405,885
Temporarily Restricted Fund .....	\$7,483,992
<b>TOTAL NET ASSETS.....</b>	<b>\$69,772,227</b>
<b>TOTAL LIABILITIES AND NET ASSETS.....</b>	<b>\$72,206,145</b>

**"Last year represented a big shift towards investing in the nutritious food our clients need to lead healthy, active lives.** We allocated \$2.4 million more than the prior year to purchase additional lean protein items including milk, chicken and eggs. We also provided significant investments in equipment for our distribution partners, enabling them to expand services and improve the safe storage of healthy food items. As always, Second Harvest remains dedicated to efficiency and proud that 95 cents of every dollar goes to client programs."

– SALLY PETERSEN, Chief Financial Officer, Second Harvest Food Bank





July 1, 2015 – June 30, 2016

Individuals	Government
<b>62%</b>	<b>5%</b>
Foundations	Organizations, Special Events
<b>17%</b>	<b>2%</b>
Corporations	
<b>14%</b>	

Note: this revenue does not include the following:

- a) \$24,475 of Capital Campaign donations;
- b) \$466,868 of Board Designated Endowment Fund;
- c) \$85,733,272 for valuation of donated food and supplies collected; and
- d) \$152,793 of investment gains.

Individuals.....	\$25,452,262
Foundations.....	\$7,037,586
Corporations.....	\$5,877,145
Government.....	\$1,998,555
Organizations, Special Events .....	\$878,630

**Total Operating Revenue ..... \$41,244,178**



July 1, 2015 – June 30, 2016

Programs/ Food Distribution
<b>95%</b>
Fundraising
<b>3%</b>
Management
<b>2%</b>

Programs/Food Distribution .....	\$116,194,917
Fundraising.....	\$3,353,098
Management .....	\$2,390,707

**Total Operating Expenses..... \$121,938,722**



of SANTA CLARA and  
SAN MATEO COUNTIES

# 2016 Annual Report

Together we are building a hunger-free community



This report was sponsored by Elkins Retail Advertising. The team members at Elkins Retail Advertising live and work in this amazing community of Silicon Valley, and want to help in any way they can to make life better for their neighbors. That's why they're proud to support the great work of Second Harvest Food Bank and share its vision of a hunger-free community.

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