



**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

**YEARS ENDED
SEPTEMBER 30, 2025 AND 2024**

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Greater Cleveland Food Bank and Subsidiaries
Cleveland, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Greater Cleveland Food Bank and Subsidiaries (Organization), which comprise the consolidated statement of financial position as of September 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2025, 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 31-32 is presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying consolidating information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Summarized Comparative Information

We have previously audited the Organization's September 30, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 19, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026, on our consideration of the Organization'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 solely 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Barnes Wendling CPAs

Sheffield Village, Ohio
February 12, 2026

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Consolidated Statements of Financial Position

| | September 30, | |
|---|-----------------------|-----------------------|
| | 2025 | 2024 |
| ASSETS | | |
| Cash and cash equivalents | \$ 18,494,151 | \$ 11,068,189 |
| Restricted cash | 731,838 | 922,628 |
| Receivables: | | |
| Agency receivables, net | 1,543,022 | 936,774 |
| Government administrative fees and reimbursements | 922,023 | 1,827,157 |
| Pledges receivable, net | 4,383,924 | 7,076,092 |
| Other receivables | 395,931 | 78,890 |
| Inventory | 5,225,587 | 7,224,151 |
| Prepaid expenses and other deposits | 752,701 | 476,867 |
| Custodial cash | 36,136 | 37,097 |
| Investments | 24,359,160 | 22,751,970 |
| Right-of-use operating assets | 1,920,888 | 1,739,991 |
| Notes receivable | 24,321,600 | 24,321,600 |
| Property and equipment, net | 64,491,825 | 66,494,103 |
| Software, net | 40,659 | 50,299 |
| Beneficial interest in community foundation | 16,964,722 | 15,933,325 |
| TOTAL ASSETS | \$ 164,584,167 | \$ 160,939,133 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 2,233,677 | \$ 1,604,830 |
| Accrued expenses | 1,699,824 | 1,627,776 |
| Deferred revenue | 307,370 | 495,254 |
| Harvest for Hunger credits | - | 1,320,000 |
| Custodial liabilities | 36,136 | 37,097 |
| Agency grant commitments | 53,944 | 66,721 |
| Operating lease liability | 1,912,791 | 1,738,682 |
| Notes payable, net of unamortized debt issuance costs | 32,859,221 | 32,817,797 |
| Total Liabilities | 39,102,963 | 39,708,157 |
| Net Assets | | |
| Without Donor Restrictions | | |
| Available for operations | 42,241,711 | 36,886,702 |
| Net investment in property, equipment and software | 55,994,863 | 58,048,205 |
| Total undesignated net assets | 98,236,574 | 94,934,907 |
| Board designated for capital campaign | 3,767,587 | 3,767,587 |
| Board designated for endowment | 16,812,104 | 15,795,517 |
| | 118,816,265 | 114,498,011 |
| With Donor Restrictions | | |
| Capital campaign | 3,215,435 | 4,619,420 |
| Purpose and time restricted | 3,296,886 | 1,975,737 |
| Endowment | 152,618 | 137,808 |
| | 6,664,939 | 6,732,965 |
| Total Net Assets | 125,481,204 | 121,230,976 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 164,584,167 | \$ 160,939,133 |

See Notes to Consolidated Financial Statements

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Consolidated Statements of Activities and Changes in Net Assets Year Ended September 30, 2025 with Summarized Comparative Financial Information for Year Ended September 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | 2025 Total | 2024 Total |
|---|-------------------------------|----------------------------|------------------------------|------------------------------|
| Revenues | | | | |
| Food Programs Revenue | | | | |
| Value of food received: | | | | |
| Value of food donated | \$ 32,044,276 | \$ - | \$ 32,044,276 | \$ 28,231,635 |
| Value of USDA and OFPP food received | 28,235,150 | | 28,235,150 | 44,644,001 |
| | <u>60,279,426</u> | <u>-</u> | <u>60,279,426</u> | <u>72,875,636</u> |
| Food distribution revenue: | | | | |
| Purchased food program | 2,836,081 | | 2,836,081 | 2,957,978 |
| Total food programs revenue | <u>63,115,507</u> | <u>-</u> | <u>63,115,507</u> | <u>75,833,614</u> |
| Operating Revenue | | | | |
| Kitchen fees | 4,959,017 | | 4,959,017 | 4,126,451 |
| Member agency delivery fees | 738,543 | | 738,543 | 831,818 |
| Government reimbursements and administrative fees | 4,872,545 | | 4,872,545 | 16,228,546 |
| Contributions and grants | 29,343,185 | 3,922,740 | 33,265,925 | 27,205,175 |
| Recovery of uncollectible pledges receivable | - | 471,031 | 471,031 | 215,632 |
| Accretion (amortization) of discount on pledges receivable | - | 531,363 | 531,363 | (93,984) |
| Gifts in-kind | 78,749 | | 78,749 | 245,711 |
| Rental income | 993,216 | | 993,216 | 213,980 |
| Other | 244,380 | | 244,380 | 158,862 |
| Net assets released from restrictions | 5,007,970 | (5,007,970) | - | - |
| Total operating revenue | <u>46,237,605</u> | <u>(82,836)</u> | <u>46,154,769</u> | <u>49,132,191</u> |
| Total revenue | <u>109,353,112</u> | <u>(82,836)</u> | <u>109,270,276</u> | <u>124,965,805</u> |
| Expenses | | | | |
| Program expense | 97,984,407 | | 97,984,407 | 109,447,054 |
| Support services | 10,770,638 | | 10,770,638 | 10,062,407 |
| Total expenses | <u>108,755,045</u> | <u>-</u> | <u>108,755,045</u> | <u>119,509,461</u> |
| Changes in net assets from operations | 598,067 | (82,836) | 515,231 | 5,456,344 |
| Other changes in net assets | | | | |
| Investment return, net | 1,963,175 | | 1,963,175 | 3,311,548 |
| Change in beneficial interest | 1,757,012 | 14,810 | 1,771,822 | 3,041,611 |
| | <u>3,720,187</u> | <u>14,810</u> | <u>3,734,997</u> | <u>6,353,159</u> |
| Changes in net assets | 4,318,254 | (68,026) | 4,250,228 | 11,809,503 |
| Net assets, beginning of year | 114,498,011 | 6,732,965 | 121,230,976 | 109,421,473 |
| Net Assets, end of year | <u>\$ 118,816,265</u> | <u>\$ 6,664,939</u> | <u>\$ 125,481,204</u> | <u>\$ 121,230,976</u> |

See Notes to Consolidated Financial Statements

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Consolidated Statement of Functional Expenses Year Ended September 30, 2025 with Summarized Comparative Financial Information for Year Ended September 30, 2024

| | Program Expenses | | | | | Supporting Services | | | | | 2025 Total | 2024 Total |
|--|-----------------------------------|----------------------|----------------------|---------------------|---|------------------------------|---------------------|---------------------|------------------------------|-----------------------|-----------------------|---------------|
| | Traditional Pantry Programs | Senior Programs | Kids Programs | Food As Medicine | Community and Government Programming | Total Program Expenses | Fundraising | Administration | Total Support Services | | | |
| Food Programs Expense | | | | | | | | | | | | |
| Value of food distributed, including scrap: | | | | | | | | | | | | |
| Value of donated, USDA, and OFPP food distributed | \$ 42,530,582 | \$ 5,392,497 | \$ 7,086,484 | \$ 1,891,701 | \$ 5,498,615 | \$ 62,399,879 | \$ - | \$ - | \$ - | \$ 62,399,879 | \$ 72,676,144 | |
| Food cost of goods sold, including scrap: | | | | | | | | | | | | |
| Purchased food program | 7,046,021 | 1,675,912 | 1,562,927 | 283,667 | 833,373 | 11,401,900 | - | - | - | 11,401,900 | 11,024,874 | |
| Total food program expenses | 49,576,603 | 7,068,409 | 8,649,411 | 2,175,368 | 6,331,988 | 73,801,779 | - | - | - | 73,801,779 | 83,701,018 | |
| Operating Expense | | | | | | | | | | | | |
| Salaries and wages | 4,020,272 | 1,409,058 | 2,105,211 | 378,674 | 2,383,300 | 10,296,515 | 1,633,608 | 2,486,117 | 4,119,725 | 14,416,240 | 13,853,544 | |
| Employee benefits | 1,033,087 | 357,170 | 550,980 | 120,844 | 713,493 | 2,775,574 | 472,445 | 728,393 | 1,200,838 | 3,976,412 | 3,686,082 | |
| Total salaries and related expenses | 5,053,359 | 1,766,228 | 2,656,191 | 499,518 | 3,096,793 | 13,072,089 | 2,106,053 | 3,214,510 | 5,320,563 | 18,392,652 | 17,539,626 | |
| Agency support | 142,261 | 37 | - | 15,709 | 41,525 | 199,532 | - | - | - | 199,532 | 2,125,446 | |
| Food and supplies - Kitchen | 386,605 | 2,076,876 | 1,535,738 | 187 | 87,161 | 4,086,567 | - | - | - | 4,086,567 | 3,845,999 | |
| Vehicle rent and related vehicle costs | 596,331 | 454,839 | 718,212 | 8 | 114 | 1,769,504 | - | - | - | 1,769,504 | 1,407,732 | |
| Occupancy costs | 275,286 | 226,099 | 195,359 | 35,089 | 1,114,691 | 1,846,524 | 77,624 | 782,065 | 859,689 | 2,706,213 | 2,308,785 | |
| Office expense and services | 61,998 | 4,993 | 24,440 | 2,467 | 11,286 | 105,184 | 22,080 | 30,272 | 52,352 | 157,536 | 297,079 | |
| Repairs and maintenance | 80,454 | 45,323 | 56,223 | 9,693 | 31,387 | 223,080 | 10,663 | 18,417 | 29,080 | 252,160 | 208,082 | |
| In-bound freight | 5,925 | - | - | - | - | 5,925 | - | - | - | 5,925 | 154,938 | |
| Direct mail, fundraising, and communications | 2,070 | 5,418 | 3,255 | 12,370 | 79,917 | 103,030 | 1,364,087 | 17,315 | 1,381,402 | 1,484,432 | 2,186,541 | |
| Software and technology costs | 18,298 | 7,195 | 9,131 | 4,209 | 38,995 | 77,828 | 167,632 | 401,127 | 568,759 | 646,587 | 572,568 | |
| Professional services | 600 | 5,561 | - | 35,302 | 222,674 | 264,137 | 271,915 | 605,139 | 877,054 | 1,141,191 | 1,429,705 | |
| Equipment and equipment rent | 619 | 354 | 618 | 32,079 | 36,620 | 70,290 | 70,785 | 62,408 | 133,193 | 203,483 | 432,344 | |
| Insurance | 13,035 | 5,063 | 7,706 | 1,574 | 9,079 | 36,457 | 5,077 | 219,833 | 224,910 | 261,367 | 273,233 | |
| Miscellaneous | 23,572 | 2,830 | 9,920 | 37,513 | 105,640 | 179,475 | 58,086 | 903,057 | 961,143 | 1,140,618 | 658,455 | |
| Total operating expenses before depreciation | 6,660,413 | 4,600,816 | 5,216,793 | 685,718 | 4,875,882 | 22,039,622 | 4,154,002 | 6,254,143 | 10,408,145 | 32,447,767 | 33,440,533 | |
| Depreciation and amortization | 661,501 | 246,345 | 308,206 | 39,998 | 886,956 | 2,143,006 | 155,170 | 207,323 | 362,493 | 2,505,499 | 2,367,910 | |
| Total operating expenses | 7,321,914 | 4,847,161 | 5,524,999 | 725,716 | 5,762,838 | 24,182,628 | 4,309,172 | 6,461,466 | 10,770,638 | 34,953,266 | 35,808,443 | |
| Total Functional Expenses | \$ 56,898,517 | \$ 11,915,570 | \$ 14,174,410 | \$ 2,901,084 | \$ 12,094,826 | \$ 97,984,407 | \$ 4,309,172 | \$ 6,461,466 | \$ 10,770,638 | \$ 108,755,045 | \$ 119,509,461 | |

See Notes to Consolidated Financial Statements

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Consolidated Statements of Cash Flows

| | Years Ended September 30, | |
|--|---------------------------|----------------------|
| | 2025 | 2024 |
| Cash Flows From Operating Activities | | |
| Changes in net assets | \$ 4,250,228 | \$ 11,809,503 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 2,505,499 | 2,367,910 |
| Amortization of right-of-use operating assets | 500,864 | 386,332 |
| Decrease in allowance for uncollectible agency and pledges receivable | (489,280) | (218,589) |
| Accretion (amortization) of provision for present value discount on pledges receivable | (531,363) | 93,984 |
| Realized and unrealized gain on investments | (1,043,982) | (2,454,460) |
| Change in value of beneficial interest in community foundation | (1,771,822) | (3,041,611) |
| Contributions restricted for capital campaign | - | (1,201,341) |
| Change in contributed and government inventory | 2,159,730 | (452,018) |
| Non-cash interest expense of loan acquisition fees | 41,424 | 68,547 |
| (Increase) decrease in: | | |
| Agency receivables | (588,999) | (466,062) |
| Government administration fees/reimbursements | 905,134 | (721,156) |
| Pledges receivable - operating | (255,333) | 158,332 |
| Other receivables | (317,041) | (12,921) |
| Purchased food program inventory | (161,166) | 826,330 |
| Prepaid expenses and other deposits | (275,834) | 1,071,148 |
| Increase (decrease) in: | | |
| Accounts payable | 628,847 | (1,386,584) |
| Accrued expenses | 72,048 | (1,822,031) |
| Deferred revenue | (187,884) | 152,384 |
| Harvest for Hunger credits | (1,320,000) | (680,000) |
| Agency grant commitments | (12,777) | (194,597) |
| Operating lease liability | (507,652) | (383,217) |
| Net cash provided by operating activities | 3,600,641 | 3,899,883 |
| Cash Flows From Investing Activities | | |
| Purchase of property and equipment | (493,581) | (7,236,420) |
| Capitalized software costs | - | (47,472) |
| Proceeds from sale of investments | 2,874,419 | 2,748,409 |
| Purchase of investments | (3,437,627) | (2,239,411) |
| Proceeds from sale of beneficial interest in community foundation | 744,425 | 1,479,721 |
| Purchase of beneficial interest in community foundation | (4,000) | (5,000) |
| Net cash used in investing activities | (316,364) | (5,300,173) |
| Cash Flows From Financing Activities | | |
| Collections from capital campaign | 3,950,895 | 5,578,220 |
| Net cash provided by financing activities | 3,950,895 | 5,578,220 |
| Net increase in cash, cash equivalents, and restricted cash | 7,235,172 | 4,177,930 |
| Cash, cash equivalents, and restricted cash at beginning of year | 11,990,817 | 7,812,887 |
| Cash, cash equivalents, and restricted cash at end of year | \$ 19,225,989 | \$ 11,990,817 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid during the year for interest | \$ 90,681 | \$ 87,001 |

See Notes to Consolidated Financial Statements

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Greater Cleveland Food Bank (Food Bank) is incorporated under the laws of the State of Ohio as a not-for-profit corporation. The function of the Food Bank is to collect, warehouse, and distribute food and grocery products to nonprofit partners who serve struggling families and seniors in the Northeast Ohio area. The Food Bank uses the state system Ohio Benefit software to help low-income clients apply for the public benefits they are eligible for including Supplemental Nutrition Assistance Program (SNAP). Clients can call the Food Bank's Help Center for assistance or meet with the Food Bank outreach workers in the community. The Food Bank also connects clients to community partners focused on employment, housing, and healthcare. The Food Bank's major sources of revenue are food donations, contributions, foundation grants, fee income and government contracts. Greater Cleveland Food Bank Real Estate Holding Company (Holding Company) primarily holds the real property of the Food Bank located on Coit Road, in Cleveland Ohio. Greater Cleveland Food Bank Waterloo Real Estate Holding Company (Waterloo Holding Company) holds the real property of the Food Bank located on South Waterloo Road, in Cleveland Ohio. The Holding Company and the Waterloo Holding Company are 501(c)(3) organizations organized and operating exclusively for the benefit of the Food Bank.

Principles of Consolidation

The consolidated financial statements include the accounts of the Food Bank, the Holding Company, and the Waterloo Holding Company (collectively, the Organization). The Holding Company and the Waterloo Holding Company are consolidated because the Food Bank has both an economic interest and control, as sole member of the Holding Company and the Waterloo Holding Company. All intercompany transactions and balances are eliminated in consolidation.

Prior-Year Summarized Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended September 30, 2024, from which the summarized information was derived.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Furthermore, the accounting policies adhered to by the Organization are generally consistent with the *Audit and Accounting Guide for Not-For-Profit Entities* issued by the American Institute of Certified Public Accountants.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions

Net assets not subject to donor-imposed restrictions. This category includes board designated endowment funds which are subject to the spending policy, as further described in Note K.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed restrictions, as further described in Note L. Some donor-imposed restrictions are temporary in nature, such as those met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity, as further described in Note K.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents, investments, and beneficial interest in community foundation. The Organization maintains its cash and cash equivalents with several of the country's largest banks and at times deposited amounts exceed FDIC insured limits. Investments and beneficial interest in community foundation are exposed to various risks such as interest rate, market volatility, and credit. Due to the level of risk associated with certain investments, it is possible a change in the value of these investments could occur in the near term and such change could be material. The Organization believes it has placed these temporary cash investments with high credit quality financial institution and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all unrestricted, highly liquid investments with an initial maturity date of three months or less to be cash equivalents. Cash, cash equivalents, and restricted cash exclude any cash or cash equivalents maintained in a professionally managed investment account.

The Organization is party to a New Market Tax Credit Agreements (Agreements) as further described in Note G. As required under the Agreements, initial cash reserve funds were established to fund all fees the Organization will incur under the terms of the Agreements and for construction of a new facility.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash (Continued)

Cash, cash equivalents, and restricted cash consist of the following:

| | September 30, | |
|---|----------------------|----------------------|
| | 2025 | 2024 |
| Cash and cash equivalents | \$ 18,494,151 | \$ 11,068,189 |
| Restricted cash: | | |
| Reserve funds | <u>731,838</u> | <u>922,628</u> |
| Total cash, cash equivalents, and restricted cash in the consolidated statements of cash flows | <u>\$ 19,225,989</u> | <u>\$ 11,990,817</u> |

Agency Receivables and Credit Losses

Agency receivables consist of shared maintenance and delivery fees due from member agencies. Shared maintenance and delivery fees are due on the 30th day of the month following billing and bear no interest on the unpaid balance.

Agency receivables are stated at the amount management expects to collect from balances outstanding at year end. At each statement of financial position date, the Organization evaluates the need to record an expected allowance for credit losses. The Organization's estimate of the allowance is based on historical losses based on the aging of receivables, management's judgment, current conditions, and reasonable and supportable forecasts regarding future events with customers and is updated for changes in credit risk from when the receivable was initially recorded, on a pooled basis where similar risk characteristics exist. Based on management's assessment of the credit history with partner charities having outstanding balances and current relationships with them, management has provided an allowance for credit losses on balances outstanding. Agency receivables are as follow:

| | September 30, | | |
|---------------------------------|---------------------|-------------------|-------------------|
| | 2025 | 2024 | 2023 |
| Agency receivables | \$ 1,570,714 | \$ 981,715 | \$ 515,653 |
| Allowance for doubtful accounts | <u>(27,692)</u> | <u>(44,941)</u> | <u>(47,897)</u> |
| | <u>\$ 1,543,022</u> | <u>\$ 936,774</u> | <u>\$ 467,756</u> |

Management individually reviews all outstanding agency receivable balances. Agency receivables are written off when deemed uncollectible.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Administrative Fees and Reimbursements Receivable

The Organization reports government fees and reimbursements receivable at their net realizable value. The fees and reimbursements represent payments from federal, state, and county contracts. The fees and reimbursements are recorded as revenue at the time the service is complete, and the monthly billing is submitted to the appropriate government agency. The Ohio Association of Foodbanks is a pass-through entity to the Organization for the State Food Program Administrative fees and food.

Pledges Receivable

The Organization records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization's discount rate was 4.04% and 4.17%, respectively, as of September 30, 2025 and 2024. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Inventory

Inventory consists of food, personal hygiene products, and cooking and cleaning supplies contributed to the Organization or purchased by the Organization to supplement donations. Inventory is valued at the purchase price or the per pound value provided by the grantor at the time of donation. If the value is not provided, inventory is recorded at the per pound value, as further described in Note E. The annual per pound value used in the accompanying consolidated financial statements were determined by independent agreed-upon procedures engagements performed for the years ended December 31, 2024 and 2023 by firms engaged by Feeding America and independent from the Organization (Feeding America Product Valuation Survey). Their reports dated June 13, 2025 and June 11, 2024, respectively, outlined the procedures used in determining the per pound values. Items are distributed on a FIFO basis.

Custodial Cash

The Food Bank entered into a Fiscal Agency Agreement effective April 1, 2019 with the City of Cleveland (the City), a political subdivision described in Internal Revenue Code Section 70c(1), to serve as the fiscal agent for the Mayor's Food Basket Program. The City operates this program, exclusively for the public benefit, to collect contributions and use those contributions to purchase, assemble, and distribute food baskets to residents of the City of Cleveland in need. The Organization is the custodian of the funds and is responsible for the deposit and disbursement of the funds as directed by the City. As of September 30, 2025 and 2024, the undistributed balance was included in the custodial cash with a corresponding liability in the accompanying consolidated statements of financial position. Custodial cash is held for the City's programming and is not available for debts or creditors of the Organization.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at their fair values in the consolidated statements of financial position. The components of investment income include interest and dividends, realized gains and losses, unrealized appreciation (depreciation) and is net of investment expense. Such income is reported investment income on the consolidated statements of activities and changes in net assets. See Note F for discussion of fair value measurements.

Property and Equipment

Property and equipment is recorded at cost at the date of acquisition or fair value at the date of donation. The Food Bank capitalizes all expenditures for property and equipment equal to or greater than \$2,500. Depreciation is computed on a straight-line method over the estimated useful lives of the respective assets, which range from three to forty years. Depreciation expense was \$2,495,859 and \$2,351,430 for the years ended September 30, 2025 and 2024, respectively. Routine expenditures for repairs and maintenance are expensed as incurred.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets may also include prepaid or accrued rent. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities is further disclosed in Note I.

Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Lease and non-lease components of lease agreements are accounted as a single combined lease component for all asset classes.

Beneficial Interest in Community Foundation

The Organization's beneficial interest in community foundation represents funds held by the local community foundation for the benefit of the Organization and is reported at fair value in the consolidated financial statements of financial position. Income from the community foundation's pooled funds is included in change in beneficial interest in community foundation on the consolidated statements of activities and changes in net assets. See Note F for discussion of fair value measurements.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Harvest for Hunger Credits

Harvest for Hunger credits represent money set aside from the funds raised during the annual Harvest for Hunger campaign to apply as grants to member agencies based on their annual service statistics and standing, to purchase product made available to agencies at reduced prices, to purchase produce at no charge for the agencies, and to cover the costs of delivery fees. Once the grants are set up on the agencies' accounts, invoices will draw down on the grant until it has been exhausted. The related expense is shown as Harvest for Hunger food purchases and grants on the consolidated statements of activities.

Revenue Recognition

Food Program Revenue

The Organization recognizes revenue on contributed nonfinancial assets of food and products at the time the contribution is received, at a value based on Feeding America's product Valuation Survey as discussed above. The related cost is recognized at the time the products are distributed to agencies and clients in the community, also based on these values. The difference between the revenue and cost recognized is reflective of the change in contributed inventory and is incorporated in the change in net assets.

Purchased Food

The Organization sells food purchased by the Organization to various agency partners at the cost of the product. The sole performance obligation for purchased food income is the distribution of the purchased food. The transaction price for the purchased food income is the price the Organization has established for the food (cost plus a set mark-up). There is no variable consideration. All invoices are to be paid in full 30 days after the invoice date. Revenue is recognized at the point in time when the purchased food is distributed to the agency partners.

Contribution Revenue

Contributions and grants of cash and other are reported as revenue when received or pledged. Contributions and grants with donor-imposed time or purpose restrictions are reported as restricted revenue in net assets with donor restriction. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of the Food Bank's program and grants revenue is derived from cost-reimbursable federal, state, and local grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization has cost-reimbursable grants of \$4,250,000 not recognized at September 30, 2025 and 2024 because qualifying expenditures have not yet been incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no amounts received prior to incurring qualifying expenses as of September 30, 2025 and 2024.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Kitchen Fees

The Organization provides meals to various individuals as stated within the WRAAA contract. There is a series of deliveries, and each delivery is a separate performance obligation. The transaction price for the WRAAA contract is the price per meal stated in the contract. There is no variable consideration. Although there is a series of performance obligations, each delivery has a set price and therefore there is no need to allocate the transaction price. The revenue is recognized at a point in time when the meals are delivered to the various individuals.

Member Agency Delivery Fees

The Organization earns delivery fee income which is charged to various agencies based on a set fee per pounds of food delivered. The fee is a flat fee of \$45 for up to 750 pounds. For those in excess of 750 pounds, the price is \$45 plus \$0.07/lb. per pounds in excess of the 750 lbs. Delivery income has one performance obligation that is the delivery of food. The transaction price for the delivery fee income is the price that the Organization has established based on the price per pound. There is no variable consideration. All invoices are to be paid in full 30 days after invoice date. Revenue is recognized at the point in time when the food is delivered.

Gifts In-Kind

In-kind donations are recorded as contributions at the estimated fair value on the date received. During the years ended September 30, 2025 and 2024, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was \$78,749 and \$245,711, respectively. Gifts in-kind included legal services, which were valued using the fair value of the attorney's rate provided by the attorney that donated their services. The value of these contributions is included in fundraising and administration in the consolidated statements of activities and changes in net assets.

In addition to the in-kind donations described above, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization benefited from more than 115,754 and 108,579 volunteer hours in the years ended September 30, 2025 and 2024, respectively, representing a dollar value of approximately \$3,752,745 and \$3,385,493, respectively, in volunteer services for the respective fiscal years based on the *Bureau of Labor Statistics Dollar Value of a Volunteer Hour*, for each respective year.

Rental Income

Rental income related to tenant leases is recognized monthly pursuant to the payment schedule in the agreement which includes escalating rents and approximates the recognition of rental income on a straight-line basis. Amounts received in advance are recorded as a liability within deferred revenue. The Organization recognizes a gain or loss on the sale of real estate assets when the criteria for an asset to be derecognized are met, which include when (i) a contract exists and (ii) the buyer obtains control.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization evaluates at each statement of financial position date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. The Organization's policy is to record interest and penalties on uncertain tax provisions as income tax expense when invoiced. As of September 30, 2025 and 2024, the Organization had no accrued taxes, interest, or penalties related to uncertain tax positions. The Organization has determined there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Functional Expense

Expenses are charged to functional areas based on specific identification and functional area of the Food Bank. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. The Organization allocates a portion of the administrative cost across to other functional areas. Various management payroll costs are allocated to other functional areas based on time and effort. Certain information technology payroll costs are allocated to other functional areas as support based on the number of users of our various systems. Employee-related expenses (403b plan expenses, software licenses for payroll system and payroll processing costs) are allocated to other functional areas based on the number of employees.

Subsequent Events

Subsequent events have been evaluated through February 12, 2026, which is the date these consolidated financial statements were available to be issued.

Recently Adopted Accounting Standards

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13 Financial Instruments - Credit Losses, which significantly changed how entities measure credit losses for most financial assets and certain other instruments not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization subject to the ASU were agency receivables. The Organization adopted the ASU (using the retrospective approach) effective October 1, 2023. The impact of the adoption had no significant impact on the consolidated financial statements of the Organization.

Reclassifications

Certain amounts in the September 30, 2025 consolidated financial statements were reclassified to conform to the September 30, 2024 consolidated financial statement presentation. These reclassifications had no effect on the Organization's total assets, liabilities, net assets, or net income.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization's board of directors has designated a portion of its resources without donor restriction as a board designated endowment fund. While the Organization does not intend to spend the board designated endowment fund and the board designated capital campaign funds for purposes other than those identified, both the board designated endowment fund and board designated capital campaign funds could be made available with board approval for current operations, if necessary.

The Organization regularly monitors the availability of resources required to meet its operating needs while striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing programs and support services to be general expenditures during the years ended September 30, 2025 and 2024. The Organization also has access to two lines of credit, making up to \$3,000,000 available for immediate cash needs, see Note J for further details. The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

| | September 30, | |
|---|----------------------|----------------------|
| | 2025 | 2024 |
| Financial assets at year end: | | |
| Cash, cash equivalents, and restricted cash | \$ 19,225,989 | \$ 11,990,817 |
| Agency receivables, net | 1,543,022 | 936,774 |
| Government administrative fees and reimbursements | 922,023 | 1,827,157 |
| Other receivables | 395,931 | 78,890 |
| Current pledges receivable, net | 2,933,879 | 4,048,878 |
| Investments | 24,359,160 | 22,751,970 |
| Beneficial interest in community foundation | 16,964,722 | 15,933,325 |
| Total financial assets | <u>66,344,726</u> | <u>57,567,811</u> |
| Less amounts not available to be used within one year: | | |
| Donor restricted funds - capital campaign | (3,215,435) | (4,619,420) |
| Donor restricted funds - purpose and time | (3,296,886) | (1,975,737) |
| Add back: amount included in non-current pledges receivable, net | 1,450,045 | 1,195,744 |
| Board designated capital campaign funds | (3,767,587) | (3,767,587) |
| Board and donor restricted endowment funds | (16,964,722) | (15,933,325) |
| Contractual restriction for NMTC | (731,838) | (922,628) |
| Financial assets not available to be used within one year | <u>(26,526,423)</u> | <u>(26,022,953)</u> |
| Financial assets available to meet the cash needs for general expenditures within one year | <u>\$ 39,818,303</u> | <u>\$ 31,544,858</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE C - GOVERNMENT ADMINISTRATIVE FEES & REIMBURSEMENT RECEIVABLE

Reimbursements shown on the statements of financial position are as follows:

| | September 30, | |
|--|-------------------|---------------------|
| | 2025 | 2024 |
| U.S. Department of Agriculture administrative fee | \$ 253,265 | \$ 195,006 |
| Child and Adult Care Food Program cost reimbursement | 203,474 | 188,679 |
| Food and Nutrition Service cost reimbursement | 72,851 | 136,577 |
| Connecting Kids to Coverage cost reimbursement | 6,089 | - |
| Summer Food Service Program cost reimbursement | - | 85,000 |
| State Food Program administrative fee | - | 40,000 |
| County cost reimbursement | 211,279 | 935,300 |
| Temporary Assistance for Needy Families cost reimbursement | 120,022 | 120,250 |
| Commodity Supplemental Food Program cost reimbursement | 55,043 | 24,423 |
| Commodity Credit Corporation cost reimbursement | - | 62,251 |
| Local Food Purchase Assistance cost reimbursement | - | 39,671 |
| | <u>\$ 922,023</u> | <u>\$ 1,827,157</u> |

NOTE D - PLEDGES RECEIVABLE

Pledges receivable represent promises to give that have been made by donors but have not been received by the Organization. Pledges receivable are as follows:

| | September 30, | |
|--|---------------------|---------------------|
| | 2025 | 2024 |
| Pledges receivable: | | |
| Less than one year | \$ 2,970,130 | \$ 4,304,080 |
| One to five years | 1,462,842 | 3,774,454 |
| Five to ten years | 100,000 | 150,000 |
| Total pledges receivable | 4,532,972 | 8,228,534 |
| Allowance for doubtful pledges receivable | (38,749) | (510,780) |
| Allowance for present value discount | (110,299) | (641,662) |
| | <u>\$ 4,383,924</u> | <u>\$ 7,076,092</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE E - INVENTORY

Inventory is comprised of the following:

| | September 30, | |
|--------------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Contributed | \$ 1,899,755 | \$ 2,261,498 |
| U.S. Department of Agriculture | 1,147,645 | 2,121,198 |
| Ohio Food Purchase Program | 248,079 | 1,072,513 |
| Purchased Food Program | 983,818 | 961,487 |
| Kitchen purchased food | 946,290 | 807,455 |
| | <u>\$ 5,225,587</u> | <u>\$ 7,224,151</u> |

Management uses the Feeding America Product Valuation Survey as a basis for the valuation of contributed inventory. The average wholesale value of contributed items was \$1.90 and \$1.97 per pound as of September 30, 2025 and 2024, respectively. As of September 30, 2025 and 2024, the Organization had 977,725 and 1,147,969 pounds of contributed items, respectively.

U.S. Department of Agriculture (USDA) inventories represent commodities (bulk food products) received under federal government programs for distribution. In accordance with the USDA Food Distribution Policy FD-104, as revised on December 2, 2016, food items are valued at the average wholesale value of food items only and exclude non-food items. In accordance with the Feeding America Product Valuation Survey, the average wholesale value of food only was \$1.72 and \$1.74 per pound as of September 30, 2025 and 2024, respectively. As of September 30, 2025 and 2024, the Organization had 667,236 and 1,219,210 pounds of USDA food commodities, respectively.

Ohio Food Purchase Program inventories represent commodities (bulk food products) received under the state government programs for distribution. Ohio Food inventories are valued at the average wholesale value of food items only and exclude non-food items. In accordance with the Feeding America Product Valuation Survey, the average wholesale value of food only was \$1.72 and \$1.74 per pound as of September 30, 2025 and 2024, respectively. As of September 30, 2025 and 2024, the Organization had 144,232 and 601,871 pounds of Ohio Food Purchase Program food commodities, respectively.

Purchased Food Program inventories represent food purchased. Kitchen purchased food inventories represent food purchased for use by the Greater Cleveland Food Bank Kitchen for prepared meals for distribution. Purchased Food Program inventories and Kitchen purchased food inventories are stated at the lower of cost or market on a FIFO basis.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE F - FAIR VALUE MEASUREMENTS

Financial and nonfinancial assets and liabilities are required to be re-measured on an annual basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy based upon the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

Level 2 - Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets not sufficiently active to qualify as Level 1, other observable inputs, or inputs corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The Organization's investments accounted at fair value as of September 30, 2025 are summarized below:

| | Level 1 | Level 3 | Total |
|--|----------------------|----------------------|----------------------|
| Investments: | | | |
| Cash and cash equivalents | \$ 2,475,387 | | \$ 2,475,387 |
| Common stocks | 1,488,142 | | 1,488,142 |
| Mutual funds | 11,993,747 | | 11,993,747 |
| United States treasuries | 8,401,884 | | 8,401,884 |
| Total investments | <u>\$ 24,359,160</u> | <u>\$ -</u> | <u>\$ 24,359,160</u> |
| Beneficial interest in community foundation | <u>\$ -</u> | <u>\$ 16,964,722</u> | <u>\$ 16,964,722</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization's investments accounted at fair value as of September 30, 2024 are summarized below:

| | <u>Level 1</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------------|----------------------|----------------------|
| Investments: | | | |
| Cash and cash equivalents | \$ 1,643,737 | | \$ 1,643,737 |
| Common stocks | 1,492,832 | | 1,492,832 |
| Mutual funds | 10,967,238 | | 10,967,238 |
| United States treasuries | 8,648,163 | | 8,648,163 |
| Total investments | <u>\$ 22,751,970</u> | <u>\$ -</u> | <u>\$ 22,751,970</u> |
| Beneficial interest in community foundation | <u>\$ -</u> | <u>\$ 15,933,325</u> | <u>\$ 15,933,325</u> |

Changes in assets measured using Level 3 inputs is as follows:

| | <u>Beneficial Interest in Community Foundation</u> |
|--|--|
| Balance at October 1, 2023 | \$ 14,366,435 |
| Funds transferred to (withdrawn from), net | (1,474,721) |
| Change in value | <u>3,041,611</u> |
| Balance at September 30, 2024 | 15,933,325 |
| Funds transferred to (withdrawn from), net | (740,425) |
| Change in value | <u>1,771,822</u> |
| Balance at September 30, 2025 | <u>\$ 16,964,722</u> |

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

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value as of September 30, 2025 and 2024. There have been no changes in the methodologies used during the years ended September 30, 2025 and 2024.

Cash and cash equivalents, common stocks, mutual funds, and United States Treasuries are valued using quoted market prices at the net asset value of shares held by the Organization at year end.

The beneficial interest in community foundation (CF) relates to funds invested at The Cleveland Foundation. The CF is included in three investment pools at the Cleveland Foundation, the Flagship Pool, The Socially Responsible Investment Pool, and The Racial Equity Investment Pool. The CF is valued at the Organization's proportionate interest in the fair value of the CF's underlying pooled investments. The Flagship Pool's stated objective is to allow participating donor funds access to investment managers and products that traditionally require a very high initial investment. The Flagship Pool is primarily comprised of large cap, small cap, and international equity investments. The Socially Responsible Investment Pool's invests in U.S. public and private companies screened for social and environmental responsibility, gender diversity, and a place-based emphasis on Cleveland. The Racial Equity Investment Pool is focused on investing in U.S. public and private companies that (1) are inclusive of Black, Indigenous, and people of color (BIPOC) representation on their boards (targeting 50% more representation than the Russell 3000 Index), (2) have a history of fostering an inclusive, equitable and diverse workplace culture, and (3) have a stated commitment to racial equity. Outside the U.S., the pool invests with BIPOC owned (>50%) investment firms to help equalize the diversity imbalance in investment management.

NOTE G - NEW MARKET TAX CREDIT PROGRAM AND NOTES RECEIVABLE

In February 2022 and April 2023, the Holding Company and the Waterloo Holding Company participated in the New Market Tax Credit (NMTC) program. The goal of the NMTC program is to spur revitalization of low-income and impoverished communities across the United States and its territories by providing tax credit incentives to investors in certified community development entities. The tax credit for investors equals 39% of the investment, and investors receive the tax credit over a seven-year period. A community development entity (CDE) is required to participate and has the primary mission of providing financing for revitalization projects in low-income communities.

NMTC financing allows organizations, such as the Holding Company and the Waterloo Holding Company, to receive low-interest loans or investment capital from CDEs, primarily financial institutions, which will allow their investors to receive tax credits. As a result of participation in the NMTC program, the Holding Company and the Waterloo Holding Company has obtained the low-interest loans described in Note J.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE G - NEW MARKET TAX CREDIT PROGRAM AND NOTES RECEIVABLE (CONTINUED)

In connection with the NMTC program, the Holding Company and the Waterloo Holding Company entered into Option Agreements (Agreements), The Holding Company's Option Agreement is with Truist Community Capital, LLC (Truist) which holds 100% of the membership interest in GCFB Cleveland Investment Fund, LLC (Fund I); and the Waterloo Holding Company Option Agreement is also with Truist Community Capital, LLC (Truist) which holds 100% of the membership interest in GCFB2 Cleveland Investment Fund, LLC (Fund II) (collectively, the Funds). Under the terms of the Agreements, the Holding Company and the Waterloo Holding Company granted Truist an option to sell its membership interest to the Holding Company which may be exercised any time during 180 days from February 2030 (Put Option Period) for Fund I and April 2031 for Fund II. The value of the put options will be an amount equal to \$1,000 plus the certain costs as defined in the Agreements. If Truist does not exercise its put options, the Holding Company and the Waterloo Holding Company shall have the right to exercise a call options to purchase the membership interest. The call options may be exercised any time during 180 days following the expiration of the Put Option Periods. The purchase price will be equal to the fair market value of the membership interest as determined by a third party appraisal.

The Holding Company entered into a leveraged loan agreement (Note Receivable 1) with Fund I in the amount of \$17,989,400. The monies advanced to Fund I were used to make a qualified equity investment in Fund I's Sub-CDE which was then used for funding for the construction of the new main warehouse and distribution center of the Holding Company on Coit Road. Note Receivable 1 mirrors the terms of the Qualified Low-Income Community Investment (QLICI) Notes Payable A1, A2, A3, and A4 further described in Note K. Quarterly interest payments are required for the first seven years at a rate of 1.39%. Beginning March 2030, principal and interest payments will be due based on a 23 year loan amortization. The note matures in February 2052. The balance of the note receivable as of September 30, 2025 and 2024 was \$17,989,400.

The Waterloo Holding Company also entered into a leveraged loan agreement (Note Receivable 2) with Fund II in the amount of \$6,332,200. The monies advanced to the Fund were used to make a qualified equity investment in Fund II's Sub-CDE which was then used for funding for the renovations and additions of the existing facilities of the Waterloo Holding Company on South Waterloo Road. Note Receivable 2 mirrors the terms of the QLICI Notes Payable A1 and A2 further described in Note K. Quarterly interest payments are required for the first seven years at a rate of 1.40%. Beginning May 2031, principal and interest payments will be due based on a 23 year loan amortization. The note matures in April 2053. The balance of the note receivable as of September 30, 2025 and 2024 was \$6,332,200.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE H - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| | September 30, | |
|-----------------------------------|----------------------|----------------------|
| | 2025 | 2024 |
| Building and improvements | \$ 65,525,457 | \$ 65,519,689 |
| Office and computer equipment | 5,604,049 | 5,512,992 |
| Warehouse machinery and equipment | 3,399,932 | 3,369,784 |
| Vehicles | 992,063 | 756,630 |
| Leasehold improvements | 48,312 | - |
| Land and land improvements | 3,867,755 | 3,867,755 |
| | <u>79,437,568</u> | <u>79,026,850</u> |
| Less accumulated depreciation | 15,028,606 | 12,532,747 |
| | <u>64,408,962</u> | <u>66,494,103</u> |
| Construction in progress | 82,863 | - |
| | <u>\$ 64,491,825</u> | <u>\$ 66,494,103</u> |

NOTE I - LEASE COMMITMENTS

As of September 30, 2025, the Organization leases various office equipment, and trucks under operating leases. These leases expire at various times through 2031. The composition of lease costs reported in the consolidated statements of functional expenses with occupancy costs is as follows:

| | Years Ended September 30, | |
|---|---------------------------|---------------------|
| | 2025 | 2024 |
| Lease Expense | | |
| Operating lease expense (costs resulting from lease payments) | \$ 500,864 | \$ 443,520 |
| Short-term lease expense | 453,774 | 192,862 |
| Variable lease expense | 286,859 | 441,905 |
| | <u>\$ 1,241,497</u> | <u>\$ 1,078,287</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE I - LEASE COMMITMENTS (CONTINUED)

Supplemental cash flow information from leasing transactions is as follows:

| | Years Ended September 30, | |
|---|---------------------------|------------|
| | 2025 | 2024 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | \$ 507,652 | \$ 436,778 |
| ROU assets obtained in exchange for new operating lease liabilities | 681,761 | 855,148 |
| Weighted-average remaining lease term in years for operating leases | 4.31 | 4.61 |
| Weighted-average discount rate for operating leases | 4.42% | 4.60% |

The following operating lease payments are expected to be paid for each of the following years:

| Years Ending September 30, | Maturities |
|-----------------------------------|---------------------|
| 2025 | \$ 542,564 |
| 2026 | 495,446 |
| 2027 | 438,589 |
| 2028 | 345,551 |
| 2029 | 256,212 |
| Thereafter | 20,977 |
| Total undiscounted cash flows | 2,099,339 |
| Less: present value discount | (186,548) |
| Total operating lease liabilities | <u>\$ 1,912,791</u> |

NOTE J - CREDIT FACILITIES

Lines of Credit

The Organization holds an unsecured line of credit agreement with PNC Bank with maximum borrowings of \$1,500,000 for working capital and general corporate purposes. The interest rate is a variable interest rate based on Secured Overnight Financing Rate (SOFR) daily floating rate (4.24% as of September 30, 2025) plus 1.50%. The line of credit matures in August 2026. There were no outstanding borrowings against the line of credit as of September 30, 2025 and 2024.

The Food Bank has an unsecured revolving line of credit agreement with Bank of America with maximum borrowings of \$1,500,000 for working capital and general corporate purposes. The interest rate is a variable interest rate based on SOFR daily floating rate plus 2.85%. The line of credit matures in August 2026. There were no outstanding borrowings against the line of credit as of September 30, 2025 and 2024.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE J - CREDIT FACILITIES (CONTINUED)

Notes Payable

Notes payable consist of the following:

| | September 30, | |
|--|----------------------|----------------------|
| | 2025 | 2024 |
| New Market Tax Credits - notes payable secured by property and equipment with interest only payments through February 2030 and then principal and interest payments until maturity in February 2052. Interest rate is 1.00%. | | |
| QLICI A1 - CNMIF II #30, LLC | \$ 6,919,000 | \$ 6,919,000 |
| QLICI B1 - CNMIF II #30, LLC | 2,581,000 | 2,581,000 |
| QLICI A2 - Western Reserve DF Affiliate XVII, LLC | 3,459,500 | 3,459,500 |
| QLICI B2 - Western Reserve DF Affiliate XVII, LLC | 1,290,500 | 1,290,500 |
| QLICI A3 - TCDE 93, LLC | 2,767,600 | 2,767,600 |
| QLICI B3 - TCDE 93, LLC | 1,232,400 | 1,232,400 |
| QLICI A4 - TCB Sub CDE XXVII LLC | 4,843,300 | 4,843,300 |
| QLICI B4 - TCB Sub CDE XXVII LLC | 1,964,200 | 1,964,200 |
| | <u>25,057,500</u> | <u>25,057,500</u> |
| New Market Tax Credits - notes payable secured by property and equipment with interest only payments through April 2031 and then principal and interest payments until maturity in April 2053. Interest rate is 1.00%. | | |
| QLICI A1 - NEODF 17, LLC | 4,940,600 | 4,940,600 |
| QLICI B1 - NEODF 17, LLC | 1,919,400 | 1,919,400 |
| QLICI A2 - TCDE 99, LLC | 1,391,600 | 1,391,600 |
| QLICI B2 - TCDE 99, LLC | 608,400 | 608,400 |
| | <u>8,860,000</u> | <u>8,860,000</u> |
| | 33,917,500 | 33,917,500 |
| Less unamortized debt issuance costs | <u>(1,058,279)</u> | <u>(1,099,703)</u> |
| | <u>\$ 32,859,221</u> | <u>\$ 32,817,797</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE J - CREDIT FACILITIES (CONTINUED)

Notes Payable (Continued)

Annual maturities of the note payable outstanding at September 30, 2025 are as follows:

| <u>Year Ending September 30,</u> | <u>Maturities</u> | <u>Loan Fees</u> | <u>Net</u> |
|----------------------------------|----------------------|-----------------------|----------------------|
| 2026 | \$ - | \$ (41,424) | \$ (41,424) |
| 2027 | - | (41,424) | (41,424) |
| 2028 | - | (41,424) | (41,424) |
| 2029 | - | (41,424) | (41,424) |
| 2030 | - | (41,424) | (41,424) |
| Thereafter | <u>33,917,500</u> | <u>(851,159)</u> | <u>33,066,341</u> |
| | <u>\$ 33,917,500</u> | <u>\$ (1,058,279)</u> | <u>\$ 32,859,221</u> |

Interest expense for the years ended September 30, 2025 and 2024 was \$132,105 and \$148,765, respectively.

NOTE K - ENDOWMENTS

The Organization's endowment consists of individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization believes that absent explicit donor stipulations to the contrary, fiduciary standards require the preservation of the "historic dollar value" of donor-restricted endowment funds. "Historic dollar value" as to any donor-restricted endowment fund means the aggregate fair value of (a) the original value of gifts donated to such fund, (b) the original value of subsequent gifts to such fund, and (c) accumulations to such fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accordingly, the Organization classifies the historic dollar value of a donor-restricted endowment fund as net assets with donor restrictions (a time restriction in perpetuity). The remaining portion of the donor-restricted endowment fund not classified in net assets with donor restrictions (a time restriction in perpetuity) is classified as net assets with donor restriction (a purpose restriction) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in Unified Prudent Management of Institutional Funds Act (UPMIFA) requirements.

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE K - ENDOWMENTS (CONTINUED)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds; (2) the purposes of the donor-restricted endowment funds; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Organization; and (7) the Organization's investment policies.

Return Objectives, Risk Parameters, and Strategies Employed for Achieving Objectives

The Organization follows investment policies that attempt to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity, including the earnings thereon, or for a donor-specified period, as well as unrestricted bequests which the Board has designated as endowment.

The endowment assets are invested in The Cleveland Foundation Investment Pool, the composition of which is described in Note F.

Under the Organization's endowment policy, endowed assets without donor restrictions and the income thereon (interest, dividends, and capital appreciation) may be appropriated for expenditure once the fund balance reaches \$1,500,000. The Organization has a policy of appropriation for distribution each year 5% of the September 30 balance using a trailing average over the prior three years.

Endowment net asset composition by type of fund as of September 30, 2025:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|----------------------------------|---------------------------------------|------------------------------------|---------------------|
| Board designated endowment funds | \$ 16,812,104 | | \$ 16,812,104 |
| Donor-restricted endowment funds | | | |
| Original donor-restricted gift | | \$ 96,800 | 96,800 |
| Accumulated investment gains | | 55,818 | 55,818 |
| | <u>\$ 16,812,104</u> | <u>\$ 152,618</u> | <u>\$16,964,722</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE K - ENDOWMENTS (CONTINUED)

Change in endowment net assets for the fiscal year ended September 30, 2025:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 15,795,517 | \$ 137,808 | \$15,933,325 |
| Investment return, net | 1,757,012 | 14,810 | 1,771,822 |
| Contributions | 4,000 | | 4,000 |
| Appropriations | (744,425) | | (744,425) |
| Endowment net assets, end of year | <u>\$ 16,812,104</u> | <u>\$ 152,618</u> | <u>\$ 16,964,722</u> |

Endowment net asset composition by type of fund as of September 30, 2024:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|----------------------------------|-------------------------------|----------------------------|---------------------|
| Board designated endowment funds | \$ 15,795,517 | | \$ 15,795,517 |
| Donor-restricted endowment funds | | | |
| Original donor-restricted gift | | \$ 96,800 | 96,800 |
| Accumulated investment gains | | 41,008 | 41,008 |
| | <u>\$ 15,795,517</u> | <u>\$ 137,808</u> | <u>\$15,933,325</u> |

Change in endowment net assets for the fiscal year ended September 30, 2024:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 14,251,637 | \$ 114,798 | \$14,366,435 |
| Investment return, net | 3,018,601 | 23,010 | 3,041,611 |
| Contributions | 5,000 | | 5,000 |
| Appropriations | (1,479,721) | | (1,479,721) |
| Endowment net assets, end of year | <u>\$ 15,795,517</u> | <u>\$ 137,808</u> | <u>\$ 15,933,325</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are available for the following purposes:

| | September 30, | |
|--|---------------------|---------------------|
| | 2025 | 2024 |
| Capital campaign | \$ 3,215,435 | \$ 4,619,420 |
| Purpose and time restricted: | | |
| Time | 250,000 | - |
| Child nutrition initiative | 750,000 | 183,346 |
| Community Resource Center | 1,309,456 | 327,000 |
| Agency grants | 200,000 | 23,209 |
| Senior initiative | 7,500 | 453,250 |
| Food as medicine initiative | 211,335 | 190,969 |
| General operating support - future periods | 502,095 | 625,202 |
| Other | 66,500 | 172,761 |
| | <u>3,296,886</u> | <u>1,975,737</u> |
| Endowment (Note K) | 152,618 | 137,808 |
| Total net assets with donor restrictions | <u>\$ 6,664,939</u> | <u>\$ 6,732,965</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

| | September 30, | |
|-----------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Capital campaign | \$ 1,405,867 | \$ 1,009,892 |
| Operating pledge | 240,000 | 408,083 |
| Agency grants | 118,934 | 376,516 |
| Senior initiative | 847,000 | 144,878 |
| Food stamp initiative | - | 118,000 |
| Food as medicine initiative | 282,636 | 147,376 |
| Child nutrition initiative | 1,169,775 | 719,400 |
| Community Resource Center | 439,725 | 167,500 |
| Fresh product initiative | - | 390,000 |
| Other | 504,033 | 240,285 |
| | <u>\$ 5,007,970</u> | <u>\$ 3,721,930</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Consolidated Financial Statements Years Ended September 30, 2025 and 2024

NOTE M - RETIREMENT PLAN

The Organization maintains a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code, which covers substantially all of its employees. Discretionary employer contributions to the plan amounted to \$540,808 and \$494,995 for the years ended September 30, 2025 and 2024, respectively.

NOTE N - BENEFICIAL INTEREST IN IRREVOCABLE TRUST

The Organization was named as a 50% beneficiary of an irrevocable trust, established by a donor. Under the terms of the related trust agreement, upon the donor's death, the balance of the trust estate will be distributed 50% to the Organization, and 50% to another nonprofit entity.

The Trustees of the trust are authorized to pay premiums on life insurance policies intended to fund the trust at the donor's death, however, if at any time there are insufficient assets in the Trust to pay such premiums, the Trustee, after notification to the donor of the premiums due, has the right to allow the related insurance to lapse without notice to the beneficiaries, to select any option available under such policies including conversion to paid up insurance or surrendering for cash value or to terminate the trust. Accordingly, the Organization's interest in the related trust has not been recorded in the accompany consolidated financial statements, as management is unable to determine the value of the related benefit as of September 30, 2025 and 2024.

NOTE O - LESSOR LEASES

The Organization entered into lease agreements as the lessor to lease office/retail space to unrelated third parties. The agreements include month-to-month agreements and non-cancellable leases that expire at various dates through May 2035. Rental income for the years ended September 30, 2025 and 2024 was \$993,216 and \$213,980, respectively.

The following are future minimum lease payments to be received for non-cancellable leases, as of September 30, 2025 for each of the next five years:

| <u>Years Ending September 30,</u> | <u>Maturities</u> |
|-----------------------------------|---------------------|
| 2026 | \$ 1,055,360 |
| 2027 | 537,081 |
| 2028 | 532,386 |
| 2029 | 469,573 |
| 2030 | 467,994 |
| Thereafter | <u>2,669,643</u> |
| | <u>\$ 5,732,037</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Consolidating Statement of Financial Position September 30, 2025

| | Greater Cleveland Food Bank | Greater Cleveland Food Bank Real Estate Holding Company | Greater Cleveland Foodbank Waterloo Real Estate Holding Company | Eliminations | Consolidated |
|--|-----------------------------------|--|---|------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 18,194,492 | \$ 62,933 | \$ 236,726 | \$ - | \$ 18,494,151 |
| Restricted cash | - | 490,614 | 241,224 | - | 731,838 |
| Receivables: | | | | | |
| Agency receivables, net | 1,543,022 | - | - | - | 1,543,022 |
| Government administrative fees and reimbursements | 922,023 | - | - | - | 922,023 |
| Pledges receivable, net | 4,383,924 | - | - | - | 4,383,924 |
| Other receivables | 395,931 | - | - | - | 395,931 |
| Intercompany receivable | 3,163,514 | - | - | (3,163,514) | - |
| Inventory | 5,225,587 | - | - | - | 5,225,587 |
| Prepaid expenses and other deposits | 752,701 | - | - | - | 752,701 |
| Custodial cash | 36,136 | - | - | - | 36,136 |
| Investments | 24,359,160 | - | - | - | 24,359,160 |
| Investment in subsidiary | 21,979,461 | - | - | (21,979,461) | - |
| Right-of-use operating assets | 1,920,888 | - | - | - | 1,920,888 |
| Right-of-use financing assets | 30,853,642 | - | - | (30,853,642) | - |
| Notes receivable | 24,321,600 | - | - | - | 24,321,600 |
| Property and equipment, net | 7,521,126 | 42,163,849 | 14,806,850 | - | 64,491,825 |
| Software, net | 40,659 | - | - | - | 40,659 |
| Beneficial interest in community foundation | 16,964,722 | - | - | - | 16,964,722 |
| TOTAL ASSETS | \$ 162,578,588 | \$ 42,717,396 | \$ 15,284,800 | \$ (55,996,617) | \$ 164,584,167 |
| LIABILITIES AND NET ASSETS | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 2,233,677 | \$ - | \$ - | \$ - | \$ 2,233,677 |
| Accrued expenses | 1,699,824 | - | - | - | 1,699,824 |
| Deferred revenue | 307,370 | - | - | - | 307,370 |
| Intercompany payable | - | 2,900,059 | 263,456 | (3,163,515) | - |
| Custodial liabilities | 36,136 | - | - | - | 36,136 |
| Agency grant commitments | 53,944 | - | - | - | 53,944 |
| Operating lease liability | 1,912,791 | - | - | - | 1,912,791 |
| Finance lease liability | 34,605,784 | - | - | (34,605,784) | - |
| Notes payable, net of unamortized debt issuance costs | - | 24,347,498 | 8,511,723 | - | 32,859,221 |
| Total Liabilities | 40,849,526 | 27,247,557 | 8,775,179 | (37,769,299) | 39,102,963 |
| Net Assets | | | | | |
| Without Donor Restrictions | 115,064,123 | 15,469,839 | 6,509,621 | (18,227,318) | 118,816,265 |
| With Donor Restrictions | 6,664,939 | - | - | - | 6,664,939 |
| Total Net Assets | 121,729,062 | 15,469,839 | 6,509,621 | (18,227,318) | 125,481,204 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 162,578,588 | \$ 42,717,396 | \$ 15,284,800 | \$ (55,996,617) | \$ 164,584,167 |

See Independent Auditors' Report

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Consolidating Statement of Activities and Changes in Net Assets Year Ended September 30, 2025

| | Greater Cleveland Food Bank | Greater Cleveland Food Bank Real Estate Holding Company | Greater Cleveland Foodbank Waterloo Real Estate Holding Company | Eliminations | Consolidated |
|---|-----------------------------------|--|---|-------------------------------|------------------------------|
| Revenues | | | | | |
| Food Programs Revenue | | | | | |
| Value of food received: | | | | | |
| Value of food donated | \$ 32,044,276 | \$ - | \$ - | \$ - | \$ 32,044,276 |
| Value of USDA and OFPP food received | 28,235,150 | - | - | - | 28,235,150 |
| | <u>60,279,426</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>60,279,426</u> |
| Food distribution revenue | | | | | |
| Purchased food program | 2,836,081 | - | - | - | 2,836,081 |
| Total food programs revenue | <u>63,115,507</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>63,115,507</u> |
| Operating Revenue | | | | | |
| Kitchen fees | 4,959,017 | - | - | - | 4,959,017 |
| Member agency delivery fees | 738,543 | - | - | - | 738,543 |
| Government reimbursements and administrative fees | 4,872,545 | - | - | - | 4,872,545 |
| Contributions and grants | 33,265,925 | - | - | - | 33,265,925 |
| Recovery on uncollectible pledges receivable | 471,031 | - | - | - | 471,031 |
| Accretion (amortization) of discount on pledges receivable | 531,363 | - | - | - | 531,363 |
| Gifts in-kind | 78,749 | - | - | - | 78,749 |
| Rental income | 993,216 | 416,160 | 450,000 | (866,160) | 993,216 |
| Other | 244,380 | - | - | - | 244,380 |
| Total operating revenue | <u>46,154,769</u> | <u>416,160</u> | <u>450,000</u> | <u>(866,160)</u> | <u>46,154,769</u> |
| Total revenue | <u>109,270,276</u> | <u>416,160</u> | <u>450,000</u> | <u>(866,160)</u> | <u>109,270,276</u> |
| Expenses | <u>109,592,132</u> | <u>1,516,259</u> | <u>662,635</u> | <u>(3,015,981)</u> | <u>108,755,045</u> |
| Changes in net assets from operations | (321,856) | (1,100,099) | (212,635) | 2,149,821 | 515,231 |
| Other changes in net assets | | | | | |
| Investment return, net | 2,211,669 | - | - | (248,494) | 1,963,175 |
| Change in beneficial interest | 1,771,822 | - | - | - | 1,771,822 |
| Change in investment in subsidiary | (1,312,734) | - | - | 1,312,734 | - |
| | <u>2,670,757</u> | <u>-</u> | <u>-</u> | <u>1,064,240</u> | <u>3,734,997</u> |
| Changes in net assets | 2,348,901 | (1,100,099) | (212,635) | 3,214,061 | 4,250,228 |
| Net assets, beginning of year | <u>119,380,161</u> | <u>16,569,938</u> | <u>6,722,256</u> | <u>(21,441,379)</u> | <u>121,230,976</u> |
| Net Assets, end of year | <u>\$ 121,729,062</u> | <u>\$ 15,469,839</u> | <u>\$ 6,509,621</u> | <u>\$ (18,227,318)</u> | <u>\$ 125,481,204</u> |

See Independent Auditors' Report

**TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200
AUDIT REQUIREMENTS**

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025**

| Federal Grantor/Pass-Through Grantor/ Program Title or Cluster | Assistance Listing Number | Grant Number/ Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|---|---------------------------------|--|---------------------------------|----------------------------------|
| United States Department of Agriculture | | | | |
| Passed through Ohio Department of Job and Family Services | | | | |
| Emergency Food Assistance Program (Food Commodities) | 10.569 | G-2223-17-1233 | \$ 12,289,252 | \$ 14,050,567 |
| Emergency Food Assistance Program (Administrative Costs) | 10.568 | G-2223-17-1233 | - | 430,241 |
| Total Emergency Food Assistance Program | | | <u>12,289,252</u> | <u>14,480,808</u> |
| Passed through Ohio Department of Job and Family Services | | | | |
| Commodity Supplemental Food Program (Food Commodities) | 10.565 | G-2223-17-1225 | 1,714,891 | 1,934,367 |
| Commodity Supplemental Food Program (Administrative Costs) | 10.565 | G-2223-17-1233 | - | 325,716 |
| Total Commodity Supplemental Food Program | | | <u>1,714,891</u> | <u>2,260,083</u> |
| Total Food Distribution Cluster | | | <u>14,004,143</u> | <u>16,740,891</u> |
| Passed through Ohio Department of Job and Family Services | | | | |
| The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds (Food Commodities) | 10.187 | N/A | 2,924,361 | 3,534,101 |
| Passed through Ohio Department of Job and Family Services | | | | |
| Commodity Credit Corporation (CCC) Funding to Alleviate Supply Chain Disruption in the Commodity Supplemental Food Program (CSFP) | 10.194 | N/A | 144,922 | 162,306 |
| Passed through Ohio Department of Job and Family Services and the Ohio Association of Foodbanks | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | SNAPFY24GCFB | - | 845,129 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | SNAPFY23Q1GCFB | - | 237,287 |
| Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program and SNAP Cluster | | | <u>-</u> | <u>1,082,416</u> |
| Passed through Ohio Department of Education | | | | |
| Child and Adult Care Food Program | 10.558 | N/A | 851,900 | 1,538,653 |
| Passed through Ohio Department of Education | | | | |
| Summer Food Service Program for Children | 10.559 | N/A | 348,466 | 607,341 |
| Total Child Nutrition Cluster | | | <u>348,466</u> | <u>607,341</u> |
| Passed through Ohio Department of Job and Family Services and the Ohio Association of Foodbanks | | | | |
| COVID-19 - Pandemic Relief Activities: Local Food Agreements with States, Tribes, and Local Governments (Food Commodities) | 10.182 | N/A | 356,654 | 923,680 |
| COVID-19 - Pandemic Relief Activities: Local Food Agreements with States, Tribes, and Local Governments (Administrative Costs) | 10.182 | N/A | - | 119,013 |
| Total Covid-19 - Pandemic Relief Activities: Local Food Agreements with States, Tribes, and Local Governments | | | <u>356,654</u> | <u>1,042,693</u> |
| Total U.S. Department of Agriculture Programs | | | <u>18,630,446</u> | <u>24,708,401</u> |
| United States Department of Health and Human Services | | | | |
| Passed through Ohio Department of Job and Family Services and the Ohio Association of Foodbanks | | | | |
| Temporary Assistance for Needy Families (Food Commodities) | 93.558 | G-2425-17-0084 | 8,454,006 | 9,132,801 |
| Temporary Assistance for Needy Families (Storage and Distribution) | 93.558 | G-2425-17-0084 | - | 446,199 |
| Total Temporary Assistance for Needy Families | | | <u>8,454,006</u> | <u>9,579,000</u> |
| Passed through Ohio Department of Job and Family Services and the Ohio Association of Foodbanks | | | | |
| Social Services Block Grant (Food Commodities) | 93.667 | G-2223-17-0382 | 65,360 | 68,800 |
| Social Services Block Grant | 93.667 | G-2223-17-0382 | - | 39,981 |
| Total Social Services Block Grant | | | <u>65,360</u> | <u>108,781</u> |
| Passed through Ohio Association of Foodbanks and Center for Medicare & Medicaid Services | | | | |
| Children's Health Insurance Program | 93.767 | 3Y3CMS331995-01-00 | - | 6,089 |
| Passed through National Institute of Health and Case Western Reserve University | | | | |
| Nursing Research | 93.361 | 1R01NR021490-01 | 26,191 | 90,821 |
| Passed through Center for Disease Control and Prevention and The MetroHealth System | | | | |
| The National Cardiovascular Health Program | 93.426 | 6NU58DP007584-01-01 | - | 7,801 |
| Total Department of Health and Human Services Programs | | | <u>8,545,557</u> | <u>9,792,492</u> |
| Department of the Treasury | | | | |
| Passed through Ohio Department of Job and Family Services and the Ohio Association of Foodbanks | | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | G-2223-17-1173-01 | 62 | 11,699 |
| Total Department of the Treasury Programs | | | <u>62</u> | <u>11,699</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 27,176,065</u> | <u>\$ 34,512,592</u> |

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2025

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Greater Cleveland Food Bank and Subsidiaries (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title U.S. Code of Federal Regulations (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE B - 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 are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Organization is using the 10% or 15% de-minimis indirect cost rate as allowed under the Uniform Guidance for notices of awards dated before October 1, 2024 and for awards dated on or after October 1, 2024, respectively.

NOTE C - FOOD DISTRIBUTION

Non-monetary assistance (food items) is reported in the schedule at the per pound average wholesale value at the time federally contributed food items are disbursed. The annual per pound value used in the accompanying Schedule was determined by an independent agreed-upon procedures engagements performed for the year ended December 31, 2024 by a firm engaged by Feeding America and independent from the Organization (Feeding America Product Valuation Survey). Their report dated June 13, 2025 outlined the procedures used in determining the per pound values. In accordance with the Feeding America Product Valuation Survey, the average wholesale value of food only was \$1.72 per pound as of September 30, 2025.

NOTE D - FEDERAL AND STATE FUNDING

The expenditures of \$9,132,801 noted on the schedule of expenditures of federal awards for grants for Temporary Assistance for Needy Families consist of Federal and State dollars. The Federal allocation was not able to be determined as of September 30, 2025. Accordingly, the entire amount was audited as Federal dollars.

INDEPENDENT AUDITORS' 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*

The Board of Directors
Greater Cleveland Food Bank and Subsidiaries
Cleveland, Ohio

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 consolidated financial statements of Greater Cleveland Food Bank and Subsidiaries (Organization), which comprise the consolidated statement of financial position as of September 30, 2025, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 12, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization's consolidated 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*.

INDEPENDENT AUDITORS' 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* (CONTINUED)

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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barnes Wendling CPAs

Sheffield Village, Ohio
February 12, 2026

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

The Board of Directors
Greater Cleveland Food Bank and Subsidiaries
Cleveland, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Greater Cleveland Food Bank and Subsidiaries' (Organization) 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 the Organization's major federal programs for the year ended September 30, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 September 30, 2025.

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 the Organization 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 the Organization'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 the Organization's federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)

Auditors' 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 a 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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)

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 weaknesses 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.

Barnes Wendling CPAs

Sheffield Village, Ohio
February 12, 2026

GREATER CLEVELAND FOOD BANK AND SUBSIDIARIES

Schedule of Findings and Questioned Costs

Section I - Summary of Auditors' Results

Financial Statements

| | | |
|--|-------------------|----------------------------|
| Type of auditors' report issued | <u>Unmodified</u> | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | _____ yes | <u> x </u> no |
| Significant deficiency(ies) identified not considered to be material weaknesses? | _____ yes | <u> x </u> none reported |
| Noncompliance material to financial statements noted? | _____ yes | <u> x </u> no |

Federal Awards

| | | |
|--|-----------|----------------------------|
| Internal control over major programs: | | |
| Material weakness(es) identified? | _____ yes | <u> x </u> no |
| Significant deficiency(ies) identified not considered to be material weaknesses? | _____ yes | <u> x </u> none reported |

| | |
|---|-------------------|
| Type of auditors' report issued on compliance for major programs: | <u>Unmodified</u> |
|---|-------------------|

| | | |
|--|-----------|-----------------|
| Any audit findings disclosed that are required to be reported in accordance with Federal Register 2 CFR Part 200, Subpart F? | _____ yes | <u> x </u> no |
|--|-----------|-----------------|

Federal ALN:

10.182
93.558

Name of Federal Program and Cluster

Local Food Purchase Assistance
Temporary Assistance for Needy Families

| | | |
|--|----|------------------|
| Dollar threshold used to distinguish Type A and Type B programs: | \$ | <u>1,035,378</u> |
|--|----|------------------|

| | | |
|--|------------------|----------|
| Auditee qualified as a low risk auditee? | <u> x </u> yes | _____ no |
|--|------------------|----------|

Section II - Financial Statement Findings

No findings reported.

Section III - Findings and Questioned Costs for Federal Awards

No findings reported.