



*ISLAND HARVEST, LTD.*

*FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023*

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AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023  
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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
Island Harvest, LTD.  
126 Spagnoli Road  
Melville, New York 11747

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Island Harvest, LTD. (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Audits of the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

### *Auditors' Responsibilities for the Audits of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 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.

*Cerini & Associates LLP*

Bohemia, New York  
December 18, 2024

**ISLAND HARVEST, LTD.**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30,**

**2024**                      **2023**

**ASSETS**

**Current Assets:**

Cash and cash equivalents.....	\$	976,889	\$	1,967,791
Investments.....		2,914,460		2,748,382
Current portion of contributions receivable, net of allowance for doubtful accounts and present value discount.....		821,905		1,172,106
Grants receivable.....		990,346		636,771
Inventory of food and consumer products.....		1,493,408		1,531,051
Other current assets.....		46,281		10,500
		<hr/>		<hr/>
<b>TOTAL CURRENT ASSETS</b>		7,243,289		8,066,601
 Long-term portion of contributions receivable, net of allowance for doubtful accounts and present value discount.....		 1,747,708		 1,747,172
Operating lease right-of-use asset.....		1,056,397		-
Property and equipment, net of accumulated depreciation.....		10,730,218		10,511,464
Deferred compensation asset.....		376,281		335,733
		<hr/>		<hr/>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>21,153,893</b>	<b>\$</b>	<b>20,660,970</b>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Current portion of mortgage note payable.....	\$	821,905	\$	1,832,766
Accounts payable and accrued expenses.....		905,929		603,892
Deferred revenue.....		228,409		750,000
Current portion of operating lease liability.....		61,940		-
Other current liabilities.....		112		112
		<hr/>		<hr/>
<b>TOTAL CURRENT LIABILITIES</b>		2,018,295		3,186,770
 Mortgage note payable, net of current portion.....		 455,160		 -
Operating lease liability, net of current portion.....		1,008,680		-
Deferred compensation payable.....		376,281		335,733
		<hr/>		<hr/>
<b>TOTAL LIABILITIES</b>		3,858,416		3,522,503

**Net Assets:**

Without donor restrictions.....		14,364,453		14,118,159
With donor restrictions.....		2,931,024		3,020,308
		<hr/>		<hr/>
<b>TOTAL NET ASSETS</b>		17,295,477		17,138,467
		<hr/>		<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>21,153,893</b>	<b>\$</b>	<b>20,660,970</b>

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Donated food.....	\$ 25,714,805	\$ -	\$ 25,714,805
Contributions.....	6,721,366	1,959,774	8,681,140
Government grants.....	4,626,942	-	4,626,942
Donations in-kind.....	552,750	-	552,750
Special events, net of direct benefit to donors.....	465,669	-	465,669
Investment income, net of advisory fees.....	273,908	-	273,908
Other income.....	3,471	-	3,471
Loss on disposal of equipment.....	(142,500)	-	(142,500)
Net assets released from restriction.....	2,049,058	(2,049,058)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>40,265,469</b>	<b>(89,284)</b>	<b>40,176,185</b>
<b>EXPENSES</b>			
Program services.....	37,265,726	-	37,265,726
Management and general.....	1,182,377	-	1,182,377
Fundraising.....	1,571,072	-	1,571,072
<b>TOTAL EXPENSES</b>	<b>40,019,175</b>	<b>-</b>	<b>40,019,175</b>
<b>CHANGE IN NET ASSETS</b>	<b>246,294</b>	<b>(89,284)</b>	<b>157,010</b>
Net assets, beginning of year.....	14,118,159	3,020,308	17,138,467
Net assets, end of year.....	<u>\$ 14,364,453</u>	<u>\$ 2,931,024</u>	<u>\$ 17,295,477</u>

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Donated food.....	\$ 20,666,324	\$ -	\$ 20,666,324
Contributions.....	6,410,410	3,961,226	10,371,636
Government grants.....	5,114,519	-	5,114,519
Donations in-kind.....	689,109	-	689,109
Special events, net of direct benefit to donors.....	470,349	-	470,349
Investment income, net of advisory fees.....	157,558	-	157,558
Other income.....	43,688	-	43,688
Loss on disposal of equipment.....	-	-	-
Net assets released from restriction.....	3,469,247	(3,469,247)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>37,021,204</b>	<b>491,979</b>	<b>37,513,183</b>
<b>EXPENSES</b>			
Program services.....	32,197,009	-	32,197,009
Management and general.....	981,522	-	981,522
Fundraising.....	1,301,955	-	1,301,955
<b>TOTAL EXPENSES</b>	<b>34,480,486</b>	<b>-</b>	<b>34,480,486</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,540,718</b>	<b>491,979</b>	<b>3,032,697</b>
Net assets, beginning of year.....	11,577,441	2,528,329	14,105,770
Net assets, end of year.....	\$ 14,118,159	\$ 3,020,308	\$ 17,138,467



**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Fundraising	Total
Donated food distributed.....	\$ 25,620,472	\$ -	\$ -	\$ 25,620,472
Purchased food distributed.....	4,652,907	-	-	4,652,907
Salaries.....	3,279,517	567,526	832,694	4,679,737
Payroll taxes and fringe benefits.....	872,799	151,039	221,610	1,245,448
Occupancy, utilities, and maintenance.....	517,354	106,306	85,044	708,704
Food transportation, storage, and distribution....	515,281	-	-	515,281
Professional fees.....	140,233	153,380	144,616	438,229
Printing and publications.....	113,103	20,565	71,975	205,643
Depreciation.....	478,323	12,265	-	490,588
Insurance.....	264,107	6,950	6,950	278,007
Postage.....	3,226	45,158	16,128	64,512
Bank and finance charges.....	50,331	5,662	6,921	62,914
Computer expenses.....	55,280	8,505	7,087	70,872
Educational conferences and meetings.....	30,443	29,148	5,182	64,773
Dues and subscriptions.....	34,813	3,916	4,787	43,516
Publicity.....	127,154	28,257	127,154	282,565
Interest.....	119,187	11,628	14,535	145,350
Program supplies.....	253,520	-	10,564	264,084
Bad debt expense.....	-	27,325	-	27,325
Other.....	137,676	4,747	15,825	158,248
<b>TOTAL EXPENSES</b>	<b>\$ 37,265,726</b>	<b>\$ 1,182,377</b>	<b>\$ 1,571,072</b>	<b>\$ 40,019,175</b>

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Fundraising	Total
Donated food distributed.....	\$ 19,820,106	\$ -	\$ -	\$ 19,820,106
Purchased food distributed.....	5,524,369	-	-	5,524,369
Salaries.....	3,185,979	424,797	637,196	4,247,972
Payroll taxes and fringe benefits.....	861,204	114,827	172,241	1,148,272
Occupancy, utilities, and maintenance.....	559,414	114,948	91,958	766,320
Food transportation, storage, and distribution....	487,412	-	-	487,412
Professional fees.....	45,270	133,146	87,876	266,292
Printing and publications.....	83,965	18,659	83,965	186,589
Depreciation.....	369,939	20,552	20,552	411,043
Insurance.....	173,240	9,623	9,625	192,488
Postage.....	-	41,247	13,749	54,996
Bank and finance charges.....	60,729	6,832	8,351	75,912
Computer expenses.....	99,266	20,397	16,318	135,981
Educational conferences and meetings.....	22,879	21,905	3,894	48,678
Dues and subscriptions.....	38,165	4,294	5,247	47,706
Publicity.....	94,712	21,047	94,713	210,472
Interest.....	222,570	21,696	27,119	271,385
Program supplies.....	470,387	-	19,712	490,099
Bad debt expense.....	-	-	-	-
Other.....	77,403	7,552	9,439	94,394
<b>TOTAL EXPENSES</b>	<b>\$ 32,197,009</b>	<b>\$ 981,522</b>	<b>\$ 1,301,955</b>	<b>\$ 34,480,486</b>

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,**

**2024**                      **2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets..... \$        157,010    \$        3,032,697

Adjustments to reconcile change in net assets  
to net cash provided by operating activities:

Depreciation.....	490,588	411,043
Loss on disposal of equipment.....	142,500	-
Donated investments.....	(102,590)	-
Donated equipment.....	-	(150,000)
Unrealized investment gain.....	(104,509)	(50,035)
Amortization of right-of-use asset.....	99,890	-

Changes in operating assets and liabilities:

Contributions receivable.....	349,665	(905,305)
Grants receivable.....	(353,575)	(186,806)
Inventory of food and consumer items.....	37,643	(654,119)
Other current assets.....	(35,781)	3,452
Accounts payable and accrued expenses.....	302,037	35,810
Deferred revenue.....	(521,591)	750,000
Operating lease liability.....	(85,667)	-
Other current liabilities.....	-	(6,888)
Deferred compensation payable.....	40,548	-

**NET CASH PROVIDED BY OPERATING ACTIVITIES**                      416,168                      2,279,849

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investments.....	(77,197)	(456,914)
Sales of investments.....	118,218	372,759
Deferred compensation asset.....	(40,548)	-
Purchases of property and equipment.....	(851,842)	(863,985)

**NET CASH USED IN INVESTING ACTIVITIES**                      (851,369)                      (948,140)

**CASH FLOWS USED IN FINANCING ACTIVITIES**

Payments of principal of mortgage note payable.....	(555,701)	(2,112,234)
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**NET CHANGE IN CASH**                      (990,902)                      (780,525)

Cash and cash equivalents, beginning of year.....	1,967,791	2,748,316
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Cash and cash equivalents, end of year.....	\$        976,889	\$        1,967,791
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**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Recognition of operating lease right-of-use asset and liability.....	\$        1,118,373	\$        -
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Cash paid for interest.....	\$        145,350	\$        271,385
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Island Harvest, LTD. (hereinafter, the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”) and have been consistently applied in the preparation of the financial statements.

***Organization***

The Organization is a leading human services organization whose mission is to end hunger and reduce food waste on Long Island.

The Organization’s work tackles real-life issues by investigating and addressing root causes of poverty, hunger, and food insecurity, resulting in actionable, innovative programs. By continuing to strengthen its community-based agency network, institute equity-focused services, provide nutrition policy guidelines and programming to emphasize nutrition-focused education and outreach, the Organization believes it is a true catalyst for change in hunger-relief on Long Island.

In addition, the Organization has formed robust advocacy efforts to advance its work, developed a Workforce Skills Development Institute, and manages an organic farm, a greenhouse, and Giving Gardens across Long Island. The Organization successfully launched a capital campaign in 2016, resulting in the Organization’s purchase of a food collection/distribution and network services center in Melville, NY.

The Organization’s work directly supports individuals, children, families, seniors, and veterans who turn to the Organization in times of crisis through its mobile outreach program and supports a network of community-based non-profit organizations and emergency feeding programs. The Organization is a member of Feeding America®, a nationwide network of food banks leading the work to solve hunger in the U.S.

For more than 32 years, the Organization has been successfully providing emergency food relief services and holistic support to people in need. Since its founding in 1992, the Organization has safely transported and delivered more than 235 million pounds of quality food and provided important services for our neighbors in need.

As Long Island’s largest hunger relief organization, the Organization is among the region’s leading organizations in emergency response readiness for food and product distribution and support as evidenced by the Organization’s rapid and continued response to community and local disasters, the Government Shutdown, Superstorm Sandy, Hurricanes Irma, Harvey, and Maria, and most recently, the COVID-19 pandemic.

Through the Organization’s experience in the field, it has learned that addressing food insecurity involves more than just giving our neighbors a can of food. It encompasses the delivery of innovative and holistic programs and services based upon informed decision making, including nutrition education,

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

culinary demonstrations, job training, assistance with benefits applications, including the Supplemental Nutrition Assistance Program (“SNAP”), and valuable community referrals.

The Organization had a wholly owned affiliate, 126 Spagnoli Road, LLC (the “LLC”). The LLC was formed to facilitate the purchase of property during the year ended June 30, 2021. On October 25, 2022, the Organization received the deed filed with Suffolk County for its headquarters in Melville, New York, transferring the title of this property and the associated mortgage note payable previously held by the LLC to the Organization. The Organization filed paperwork to dissolve the LLC during the year ended June 30, 2023. The LLC had no revenues or expenses during the year ended June 30, 2023.

***Income Tax Status***

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, it qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and is exempt from state and local taxes.

The Organization evaluated for uncertain tax positions and determined that there were no uncertain tax positions taken during the years ended June 30, 2024 and 2023. The Organization files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, state, and local taxing authorities. The Organization has determined that it has registered in all states where it is required to be registered.

***Basis of Accounting***

The financial records of the Organization are maintained on the accrual basis of accounting. Revenue is recorded as earned and expenses are recorded when incurred.

***Recent Accounting Pronouncements***

During the year ended June 30, 2024, the Organization adopted ASC 326, *Financial Instruments - Credit Losses*, for all assets held at amortized cost basis. Under this accounting approach, the Organization is required to record an estimate of all expected future credit losses. The allowance for credit losses will be a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. Adoption of this ASC did not have a material impact on the Organization’s financial statements.

During the year ended June 30, 2023, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 842, *Leases*, for all material, long-term operating leases. Under this accounting pronouncement, the Organization recognizes a right-of-use asset and lease liability for its material operating lease calculated based on the present value of the lease payments not yet paid, discounted using appropriate discount rate at the lease commencement date. The right-of-use asset is initially equal to the lease liability plus any initial direct costs and prepaid lease payments, less any lease incentives received.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Under this approach, amortization of the right-of-use asset is charged to occupancy costs, which are recorded on the straight-line basis over the term of the lease, unless another systematic and rational basis is more representative of the time pattern in which the use benefit is derived from the leased property, in which case that basis will be used. The Organization had no material, long-term operating leases in effect during the year ended June 30, 2023. See Note 4 for additional lease disclosures regarding a long-term lease executed during the year ended June 30, 2024.

***Financial Statement Presentation***

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

***Net Assets Without Donor Restrictions***

Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization.

***Net Assets With Donor Restrictions***

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor may stipulate that the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Donor-restricted contributions that are received and spent in full for their restricted purposes within the fiscal year are reported as increases in net assets without donor restrictions.

***Revenue Recognition***

The Organization follows Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, "Accounting Standards Codification ("ASC") 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The Organization's revenue that falls within the scope of ASC 606 is presented within special events and is recognized as revenue when the Organization satisfies its obligations to attendees at points in time, when events are held.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Contributions and Contributions Receivable*

The Organization follows ASU 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 amends ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU were intended to assist entities in (1) evaluating whether (reciprocal) transactions are subject to other guidance (i.e. ASC 606) and (2) determining whether a contribution(s) is conditional.

All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Donor-restricted contributions that are received and spent in full for their restricted purposes within the fiscal year are reported as increases in net assets without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received and amounted to \$87,409 and \$83,989 as of June 30, 2024 and 2023, respectively. Amortization of the discounts is included in contribution revenue. Conditional promises are accounted for as liabilities or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point contributions are recognized as unconditional and classified as either net assets with donor restrictions or net assets without donor restrictions.

The Organization accounts for its government grants as conditional contributions and recognizes revenue from government grants when reimbursable expenditures under qualified programs are made. Revenue received under government grants is restricted as to the use specified in the grant agreement. Grant contracts are typically fully expended within a one-year cycle. These grants are subject to subsequent compliance audits. Such audits could result in adjustments to the awards for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any contingencies that may arise from such audits.

The Organization considers contributions receivable past due or delinquent when payments have not been received in a timely manner, and receivables are written off when management deems the possibility of collecting amounts due as doubtful. The Organization closely monitors outstanding balances for all contributions receivable and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. As of June 30, 2024 and 2023, the Organization established an allowance for doubtful accounts of \$112,805 and \$85,480, respectively.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

*Contributed Goods and Services*

The Organization records the value of donated goods and services at their estimated fair values when there is an objective basis available for measuring their fair values. Donated goods and services are reported as donations in-kind revenue and expenses only if the services create or enhance a nonmonetary asset, or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with such specialized skills. Please see Note 7 for a description of the donated goods and services received and expended during the years ended June 30, 2024 and 2023.

In addition, a substantial number of volunteers have donated their time to and performed a variety of tasks for the Organization, including food collection and distribution, food drives, campaign solicitations, and various committee assignments. For the years ended June 30, 2024 and 2023, these volunteers donated approximately 58,707 and 56,423 hours, respectively. Even though these donated services are valuable to the Organization and help to advance the Organization's mission, no amounts have been reflected in the financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the financial statements.

*Cash and Cash Equivalents*

Cash equivalents represent highly liquid investments with an initial maturity of three months or less. Interest earned on cash equivalents has been included in investment income on the related statements of activities. Feeding America recommends that its member organizations maintain cash balances sufficient to cover three months of operating expenses or demonstrate a positive working capital in each of the two preceding fiscal years. The Organization met this recommended level of working capital as of June 30, 2024 and 2023.

*Investments*

The Organization presents investments in the statements of financial position at fair value. A fair value hierarchy has been established based upon the observability of inputs to the evaluation of an asset or liability as of the measurement date. The three-level valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value levels (Level 1, 2, and 3):

- Level 1: Level 1 investments are valued using observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date.
- Level 2: Level 2 investments are valued using observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities.



**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Level 3: Level 3 investments are valued using valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Because Level 3 fair values, by their nature, contain unobservable market inputs as there is no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values would represent the Organization's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

A summary of the Organization's investments by fair value level and investment type is as follows as of June 30,:

	<b>2024</b>	<b>2023</b>
Mutual funds - Level 1 .....	\$ 2,508,635	\$ 2,347,026
Government and corporate bonds - Level 2.....	405,825	401,356
Total investments.....	<u>\$ 2,914,460</u>	<u>\$ 2,748,382</u>

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the accompanying statements of financial position.

***Inventory of Food and Consumer Products***

Inventory consists of purchased food valued at cost and donated food and consumer products valued at estimated fair value. During the years ended June 30, 2024 and 2023, the Organization distributed approximately 18,324,187 and 16,121,597 pounds of food, respectively.

***Grants Receivable***

Grants receivable consists primarily of uncollected reimbursements for qualified expenditures incurred pursuant to contracts with government agencies. The Organization considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are written off when management deems the possibility of collecting amounts due as completely unlikely. The Organization closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. As of June 30, 2024 and 2023 there was no allowance for doubtful grants receivable established as all grants receivable were deemed collectable.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property and Equipment***

Property and equipment are stated at cost, if purchased, or fair value, if contributed. Maintenance and repairs are expensed when incurred. Depreciation is computed using the straight-line method over each asset's estimated useful life as follows:

Transportation equipment .....	5 - 10 years
Computers, furniture, and fixtures.....	5 - 7 years
Leasehold improvements .....	Term of lease
Building and improvements .....	39 years

***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated by management among the program, management and general, and fundraising categories. Most costs incurred by the Organization are directly assignable to these categories. Those costs that cannot be directly assigned are allocated based upon reasonable allocation methodologies, the most significant of which are:

- Salaries are allocated based on an estimate of time spent on program-related, management and general, and fundraising functions.
- Payroll taxes and fringe benefits are allocated based upon salary allocations.

***Use of Estimates***

The presentation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

***Subsequent Events***

The Organization has evaluated events and transactions that occurred between July 1, 2024 and December 18, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

***Reclassification***

The presentation of the Organization's deferred compensation asset and deferred compensation payable balance as of June 30, 2023, was reclassified to be reported gross, rather than net, to conform to the current year presentation.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 2 - PROPERTY AND EQUIPMENT**

Property and equipment balances consisted of the following at June 30,:

	<b>2024</b>	<b>2023</b>
Transportation equipment.....	\$ 1,270,826	\$ 1,291,541
Computers, furniture, and fixtures .....	917,046	758,752
Leasehold improvements.....	2,028,019	1,463,756
Building and improvements.....	5,124,891	5,124,891
Land .....	3,126,316	3,126,316
Property and equipment, at cost.....	12,467,098	11,765,256
Less accumulated depreciation.....	(1,736,880)	(1,253,792)
Net property and equipment .....	<u>\$ 10,730,218</u>	<u>\$ 10,511,464</u>

**NOTE 3 - DEBT**

***Mortgage Note Payable***

During the year ended June 30, 2021, as part of the purchase of its property in Melville, New York, the Organization entered into a mortgage note payable with a financial institution for the amount of \$5,300,000. The mortgage note had a three-year term and called for interest-only payments (calculated at a rate of prime plus .75% with a floor of 4.00%, which was the effective rate as of, and during the year ended, June 30, 2024) until its maturity on January 1, 2024, at which time all unpaid principal would be due or convertible to a 20-year mortgage note payable. The Organization elected to convert the note into a 20-year mortgage note payable during November 2023. This note requires monthly payments of principal and interest of \$15,168 and bears interest at a fixed rate of 7.746%. On the fifth anniversary of the conversion and each fifth anniversary thereafter, the fixed rate shall adjust to equal 325 basis points in excess of the weekly average of the five-year United States Treasury as published in the Federal Reserve Statistical Release H.15 the week prior to the applicable adjustment date, with a floor of 4% per year.

During the year ended June 30, 2024, in addition to the required monthly payments, the Organization made a \$525,000 principal pre-payment using funds collected from its capital campaign. During the year ended June 30, 2023, the Organization, at its discretion, made principal pre-payments totaling \$2,112,234 using funds collected from its capital campaign. As of June 30, 2024, the current portions of contributions receivable and the mortgage note payable within the accompanying statements of financial position represent amounts expected to be collected and repaid, respectively, during the year ending June 30, 2025.

Future minimum repayments under the mortgage note are as follows during the years ending June 30,:

2025.....	\$ 86,544
2026.....	93,491
2027.....	100,995
2028.....	109,102
2029.....	117,860
2030 and thereafter .....	769,073
Total repayments .....	<u>\$ 1,277,065</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 3 - DEBT (continued)**

*Line of Credit*

The Organization maintains a revolving line of credit with a bank with a maximum borrowing base of \$500,000. Funds accessed through this line of credit will be subject to an annual interest rate at the bank's current index (8.50% at June 30, 2024). The credit line matured on May 1, 2024, was renewed through May 1, 2025, and was not drawn upon as of, or during the years ended, June 30, 2024 and 2023.

**NOTE 4 - OPERATING LEASES**

Effective September 2023, the Organization entered into a non-cancellable agreement to lease office space in Melville, New York. The lease initially expires August 2030 but includes a five-year renewal option through August 2035 that the Organization is reasonably certain to exercise. The lease requires monthly payments of \$8,567 with annual escalations of 2.75%.

Operating lease cost comprising right-of-use asset amortization for this facility was \$99,890 for the year ended June 30, 2024, and is included in occupancy expense in the statement of functional expenses. Operating cash flows from the operating lease totaled \$85,667 for the year ended June 30, 2024.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability for the years ending June 30,:

2025 .....	\$	105,156
2026 .....		108,048
2027 .....		111,019
2028 .....		114,072
2029 .....		117,209
2030 and thereafter .....		797,245
Total future minimum payments .....		<u>1,352,749</u>
Less: present value discount .....		(282,129)
Present value .....	\$	<u>1,070,620</u>
Short-term lease liability .....	\$	61,430
Long-term lease liability .....		<u>1,009,190</u>
Total lease liability .....	\$	<u>1,070,620</u>

The remaining lease term (in months) and discount rate for the above-mentioned lease were as follows as of June 30, 2024:

Remaining lease term .....	134
Discount rate .....	4.18%

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 5 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets at June 30,:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents .....	\$ 976,889	\$ 1,967,791
Investments .....	2,914,460	2,748,382
Current portion of contributions receivable .....	821,905	1,172,106
Grants receivable .....	990,346	636,771
Total financial assets available within one year...	5,703,600	6,525,050
Less net assets restricted as to time or use		
within one year .....	( 1,183,316)	( 1,273,136)
Total amounts available for general expenditure		
within one year .....	\$ 4,520,284	\$ 5,251,914

The Organization’s goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately \$3,459,000). The Organization also has an unused line of credit (see Note 3) available, if needed. As part of its liquidity plan, excess cash is invested in money market accounts, bonds, and mutual funds.

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets are restricted by donors for various reasons. These net assets from contributions were restricted for the following purposes and/or time periods at June 30,:

	<b>2024</b>	<b>2023</b>
Capital campaign - time restricted .....	\$ 2,569,613	\$ 2,919,278
Combating childhood hunger.....	278,752	72,634
Sunshine Foundation .....	-	7,629
YPP Produce .....	-	20,767
Emergency resource center .....	20,000	-
Wakefern hunger relief program.....	62,659	-
Total .....	\$ 2,931,024	\$ 3,020,308

Time restricted capital campaign contributions are included in contributions receivable, net of allowance for doubtful accounts and present value discount in the accompanying statement of financial position as of June 30, 2024. These amounts are expected to be collected as follows:

Amounts due in less than one year .....	\$ 821,905
Amounts due in one to five years.....	1,947,922
Total contributions receivable.....	2,769,827
Less: present value discount .....	(87,409)
Less: allowance for doubtful accounts.....	(112,805)
Total contributions receivable, net .....	\$ 2,569,613

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 7 - DONATED GOODS AND SERVICES**

The Organization receives various goods and services which are valued at their fair value at the time of donation. Such donations received have been included as part of donated food and donations in-kind within in the statements of activities for the years ended June 30,:

	<b>2024</b>	<b>2023</b>
Donated food received .....	\$ 25,714,805	\$ 20,666,324
Occupancy, utilities, and maintenance .....	341,166	406,860
Donated equipment .....	100,000	150,000
Special event direct expenses .....	65,340	49,290
Advertising .....	9,085	30,312
Program supplies .....	20,718	15,183
Other .....	7,205	29,293
Printing and publications.....	9,236	8,171
Total donated goods and services.....	<u>\$ 26,267,555</u>	<u>\$ 21,355,433</u>

The Organization's primary charitable purpose is to collect and redistribute food and provide support services to other charitable and social welfare organizations and has discretion over the distribution of the donated food. Based on this information, the Organization has recorded the donated food as a contribution. The donated food is valued at approximately \$2 per pound based upon a study of national values, as adjusted for local market conditions and product mix. All other donations in-kind are valued based on the prices normally charged for such goods or services.

There were no donor-imposed restrictions on donations in-kind during the years ended June 30, 2024 or 2023.

Donated food, goods, and services were utilized and expended within the following expense line items in the statements of functional expenses for the years ended June 30,:

	<b>2024</b>	<b>2023</b>
Donated food distributed .....	\$ 25,620,472	\$ 19,820,106
Occupancy, utilities, and maintenance .....	341,166	406,860
Advertising .....	9,085	30,312
Program supplies .....	20,718	15,183
Other .....	7,205	29,293
Printing and publications .....	9,236	8,171
Total donated goods and services expense .....	<u>\$ 26,007,882</u>	<u>\$ 20,309,925</u>

Special event direct expenses were recorded net of special event proceeds within the statements of activities for the years ended June 30, 2024 and 2023. Donated equipment was capitalized and is being depreciated over its estimated useful life.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 8 - RETIREMENT PLANS**

The Organization sponsors a 403(b) thrift plan and a separate 457(b) plan. The thrift plan covers all employees of the Organization and provides for employer contributions to all full-time employees who have met the minimum age and service requirements. The 457(b) plan covers an officer of the Organization. For the years ended June 30, 2024 and 2023, the Organization contributed \$119,777 and \$129,621, respectively, to these plans.

**NOTE 9 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash and investments in bank accounts with what it believes to be quality financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"). From time to time, the Organization has investments and cash on deposit with financial institutions that are in excess of FDIC and SIPC limits. The Organization has not incurred any losses in such accounts to date.

**NOTE 10 - RELATED PARTY TRANSACTIONS**

For the year ended June 30, 2024, the Organization recorded approximately \$148,701 in goods and services from companies that have representatives that are members of the Organization's Board of Directors. For the year ended June 30, 2023, the Organization recorded approximately \$2,365,236 in monetary and donations in-kind from members of the Board of Directors and approximately \$126,578 in goods and services from companies that have representatives that are members of the Organization's Board of Directors.