

FOOD FOR OTHERS, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2024 AND 2023



Strategic, Smart and **Wonderfully Human**

FOOD FOR OTHERS, INC.

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Independent Auditors' Report

The Board of Directors
Food for Others, Inc.
Fairfax, Virginia

Opinion

We have audited the financial statements of Food for Others, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Food for Others, Inc. 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food for Others, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



October 25, 2024
Fairfax, Virginia

FOOD FOR OTHERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,903,146	\$ 1,827,421
Contributions receivable, net	62,735	76,409
Other receivables	119,474	80,638
Inventory - food	476,882	384,909
Prepaid expenses	27,931	36,617
Total Current Assets	\$ 2,590,168	\$ 2,405,994
INVESTMENTS	\$ 5,755,495	\$ 5,067,789
PROPERTY AND EQUIPMENT		
Furniture and equipment	\$ 811,294	\$ 725,943
Vehicles	282,313	282,313
Leasehold improvements	471,250	471,250
Less, accumulated depreciation	(799,159)	(685,630)
Net Property and Equipment	\$ 765,698	\$ 793,876
OTHER ASSETS		
Deposits	\$ 5,086	\$ 5,086
TOTAL ASSETS	\$ 9,116,447	\$ 8,272,745
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 357,853	\$ 371,266
Deferred revenue	26,392	21,133
Total Current Liabilities	\$ 384,245	\$ 392,399
NET ASSETS		
Without donor restrictions	\$ 8,623,458	\$ 7,758,267
With donor restrictions	108,744	122,079
Total Net Assets	\$ 8,732,202	\$ 7,880,346
TOTAL LIABILITIES AND NET ASSETS	\$ 9,116,447	\$ 8,272,745

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

FOOD FOR OTHERS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUE						
Donated goods, utilities and facilities	\$ 5,757,376	\$ -	\$ 5,757,376	\$ 5,643,113	\$ -	\$ 5,643,113
Donated services	31,395	-	31,395	50,661	-	50,661
Contributions	1,838,186	196,747	2,034,933	1,884,404	369,481	2,253,885
Government contracts for services	770,828	-	770,828	618,315	-	618,315
Special events, net of direct expenses of \$43,126 in 2024 and \$39,625 in 2023	119,165	-	119,165	115,327	-	115,327
Investment income (loss), net	649,153	-	649,153	493,879	-	493,879
Net assets released from restrictions	210,082	(210,082)	-	424,728	(424,728)	-
Total Support and Other Revenue	\$ 9,376,185	\$ (13,335)	\$ 9,362,850	\$ 9,230,427	\$ (55,247)	\$ 9,175,180
EXPENSES						
Program services	\$ 7,787,785	\$ -	\$ 7,787,785	\$ 7,853,459	\$ -	\$ 7,853,459
Management and general	524,501	-	524,501	488,328	-	488,328
Fundraising	198,708	-	198,708	186,375	-	186,375
Total Expenses	\$ 8,510,994	\$ -	\$ 8,510,994	\$ 8,528,162	\$ -	\$ 8,528,162
CHANGE IN NET ASSETS	\$ 865,191	\$ (13,335)	\$ 851,856	\$ 702,265	\$ (55,247)	\$ 647,018
NET ASSETS, BEGINNING OF YEAR	7,758,267	122,079	7,880,346	7,056,002	177,326	7,233,328
NET ASSETS, END OF YEAR	\$ 8,623,458	\$ 108,744	\$ 8,732,202	\$ 7,758,267	\$ 122,079	\$ 7,880,346

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

FOOD FOR OTHERS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS - OPERATING ACTIVITIES		
Change in net assets	\$ 851,856	\$ 647,018
Adjustments to reconcile change in net assets to net cash		
- operating activities:		
Depreciation	113,529	144,120
Realized (gain) loss on sale of investments	(1,211)	92,046
Unrealized (gain) loss on investments	(504,926)	(432,282)
Donated investments	(38,650)	(32,900)
Change in allowance for doubtful contributions receivable and bad debt	52,805	465
Changes in assets and liabilities:		
Contributions receivable, net	(39,131)	-
Other receivables	(38,836)	(48,394)
Inventory - food	(91,973)	(119,480)
Prepaid expenses	8,686	(7,849)
Deposits	-	5,000
Accounts payable and accrued expenses	(4,950)	223,826
Refundable advance	-	(41,307)
Deferred revenue	5,259	1,633
	<u>\$ 312,458</u>	<u>\$ 431,896</u>
Net Cash - Operating Activities	<u>\$ 312,458</u>	<u>\$ 431,896</u>
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (85,351)	\$ (576,003)
Purchase of investments	(2,451,006)	(3,681,191)
Proceeds from sale of investments	2,299,624	4,191,229
	<u>\$ (236,733)</u>	<u>\$ (65,965)</u>
Net Cash - Investing Activities	<u>\$ (236,733)</u>	<u>\$ (65,965)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 75,725	\$ 365,931
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,827,421	1,461,490
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,903,146	\$ 1,827,421
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Donated investments	\$ 38,650	\$ 32,900
There were no non-cash financing activities.		

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

FOOD FOR OTHERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Special assistance - distributed food	\$ 6,205,009	\$ -	\$ -	\$ 6,205,009	\$ 6,202,931	\$ -	\$ -	\$ 6,202,931
Wages and fringe	807,531	313,713	132,103	1,253,347	755,198	287,685	121,143	1,164,026
Donated facilities and utilities	352,512	44,064	44,064	440,640	342,245	42,780	42,780	427,805
Bank service charges and other fees	5,222	19,921	-	25,143	22,186	14,790	-	36,976
Depreciation	113,529	-	-	113,529	144,120	-	-	144,120
Dues and subscriptions	13,997	20,997	-	34,994	14,124	21,186	-	35,310
Fundraising registration fees and costs	-	-	50,675	50,675	-	-	45,725	45,725
Grant expense	-	-	-	-	25,000	-	-	25,000
Insurance, licenses and permits	26,300	10,205	4,315	40,820	21,036	8,161	3,450	32,647
Loss on uncollectible contributions receivable	60,925	-	-	60,925	19,348	-	-	19,348
Miscellaneous	16,822	1,869	-	18,691	27,366	3,041	-	30,407
Postage, printing and supplies	55,226	15,245	2,066	72,537	72,903	23,773	2,059	98,735
Professional fees	-	96,638	-	96,638	-	60,089	-	60,089
Rent and utilities	2,518	1,416	-	3,934	28,432	15,993	-	44,425
Repairs and maintenance	46,469	-	-	46,469	90,371	-	-	90,371
Technology and telephone expense	52,452	20,354	8,611	81,417	66,017	25,620	10,843	102,480
Vehicle and transportation	29,273	-	-	29,273	22,182	-	-	22,182
	\$ 7,787,785	\$ 544,422	\$ 241,834	\$ 8,574,041	\$ 7,853,459	\$ 503,118	\$ 226,000	\$ 8,582,577
Less investment management fees	-	(19,921)	-	(19,921)	-	(14,790)	-	(14,790)
Less direct expenses of special events	-	-	(43,126)	(43,126)	-	-	(39,625)	(39,625)
	\$ 7,787,785	\$ 524,501	\$ 198,708	\$ 8,510,994	\$ 7,853,459	\$ 488,328	\$ 186,375	\$ 8,528,162

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

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 1. Organization

Food for Others, Inc. (FFO or the Organization), a nonprofit organization incorporated in the Commonwealth of Virginia, distributes free food to its neighbors in need, in partnership with the Northern Virginia community, and provides opportunities for people to volunteer their resources. Food for Others, Inc. also provides relief to churches and other organizations that operate exclusively for such charitable purposes. The major sources of revenue are food contributions from various grocery and retail stores, government grants, and cash contributions.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

Assets and liabilities and revenues and expenses are recorded on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Income Taxes

FFO is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) as a Section 501(a) organization within the meaning of Section 509(a). The Internal Revenue Service has determined that FFO is a publicly supported organization.

FFO has adopted the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The adoption of this standard had no impact on FFO's financial statements. FFO files tax returns as a tax-exempt organization.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For financial statement purposes, FFO considers all cash and interest bearing deposits, except for cash and money market funds held in professionally managed investment accounts, to be cash equivalents. Cash and money market accounts held in professionally managed accounts are included in investments.

Contributions and Other Receivables

The majority of the receivables are from pledges and contracts. The other receivables represent amounts primarily due under the Fairfax County Food Access Program Grant Award. The amounts due are analyzed for collectability and are recorded at their net realizable value with an offsetting allowance for doubtful accounts or credit losses. When all collection efforts have been exhausted, the account is written off against the allowance for doubtful accounts or credit losses. At June 30, 2024 and 2023, the allowance for doubtful accounts pertaining to contributions receivable was \$52,804 and \$45,918, respectively. There was no allowance for credit losses pertaining to other receivables. The contributions and other receivables are due within one year.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Inventory – Food

Inventory consists mainly of donated food and is recorded using the average valuation of food donated through Feeding America. This valuation is determined by a proprietary audit conducted on behalf of Feeding America by RSM U.S. LLP, determining the approximate average wholesale value of one pound of food at the national level. The average wholesale value of food was \$1.93 and \$1.92 per pound for the years ended June 30, 2024 and 2023, respectively.

Investments

FFO carries its investments at fair value.

FFO invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to various risks, such as fluctuation in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks could materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

All acquisitions of property and equipment greater than \$1,000 are capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to seven years.

Net Assets – Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASC 958-205, net assets and revenue are classified on the basis of existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions – represents resources available for support of the operations of the Organization.

Net assets with donor restrictions – represents resources received by the Organization from contributors or grantors that are time or purpose restricted by the donors.

Revenue Recognition

FFO adopted Accounting Standards Codification 606 (ASC 606), *Revenue from Contracts with Customers* (ASC 606). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Concluded)

Revenue from events is recognized at the gross amounts received when the events are held. Revenue from fee for service programs under cost-reimbursable federal and state contracts and grants are recognized at the point in time that the programs are run. These contract and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. All services for the programs are transferred and used at the same point in time. Accordingly, FFO satisfies the performance obligation and the revenue is recognized when the programs occur. The transaction price for the programs is based upon the stand-alone selling price or the program costs, primarily food costs. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statements of Financial Position.

Deferred Revenue

Amounts collected for events or other programs not yet earned are recorded as deferred revenue.

The following revenue streams are outside the scope of ASC 606:

Revenues from contributions are considered to be available for unrestricted use and are recognized as revenue when an unconditional pledge is received or when cash is received if no pledge exists. Contributions that are restricted for use in a later time period or for a particular purpose are recognized as net assets with donor restrictions. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or the purpose restriction is met. Donor restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions. Contributions receivable as of June 30, 2024 and 2023, are due within one year.

Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

In-kind donations such as fixed assets and investments are recorded at their estimated fair market value on the date of receipt. In-kind services are recorded at their estimated fair market value if such services are specialized and would typically be purchased if not donated and are in compliance with recording requirements under U.S. GAAP. Donated facilities are recorded at their estimated fair market value.

Fair Value Measurement

FFO measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Concluded)

Fair Value Measurement (Concluded)

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, and corporate and government bonds, that FFO has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect FFO's own assumptions about the factors market participants would use in pricing an investment and are based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). FFO may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities and changes in net assets. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs, insurance, postage, printing and supplies, and technology and telephone expenses have been allocated among the programs and supporting services based upon time and effort spent. Other allocable costs have been allocated to program services and to management and general based upon management's best estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

New Accounting Pronouncements

In June 2016, the FASB issued, FASB ASC 326, *Financial Instruments – Credit Losses* (Topic 326). Topic 326 significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are 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 FFO that are subject to the guidance in FASB ASC 326 are other receivables. The ASC was adopted July 1, 2023. The impact of the adoption was not material to the financial statements.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 3. Concentrations

Credit risk

Financial instruments that potentially subject FFO to significant concentrations of credit risk consist of cash and investment accounts. FFO maintains the cash and investment accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). FFO has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management believes that the risk of any credit loss is minimal.

Other

Fairfax County, Virginia provided donated facilities which comprise FFO's main office and warehouse space. The value of these donated facilities totaled \$440,640 and \$427,805, and represent approximately 5% of total expenses for the years ended June 30, 2024 and 2023, respectively.

Note 4. Liquidity and Availability

FFO invests cash balances in excess of immediate liquidity needs in accordance with its investment policy. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date as of June 30, 2024 and 2023, are comprised of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,903,146	\$ 1,827,421
Investments	5,755,495	5,067,789
Contributions and other receivables, net	<u>182,209</u>	<u>157,047</u>
	\$ 7,840,850	\$ 7,052,257
Less amounts not available within one year, donor restricted net assets	<u>108,744</u>	<u>122,079</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,732,106</u>	<u>\$ 6,930,178</u>

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 5. Investments

FFO's investments are stated at fair value. As of June 30, 2024 and 2023, investments consist of the following Level 1 assets in the fair value hierarchy:

	Market value	
	2024	2023
Mutual funds:		
Equity funds	\$ 827,660	\$ 966,916
Exchange traded funds	4,637,621	3,777,843
Government bond funds	176,036	221,910
Total at fair value	\$ 5,641,317	\$ 4,966,669
Other cash and money market accounts:		
Cash and money market funds*	114,178	101,120
	<u>\$ 5,755,495</u>	<u>\$ 5,067,789.</u>

*Cash and money market funds in the investment portfolio are not subject to provisions of the fair value measurements as they are recorded at cost.

Investment income for the years ended June 30, 2024 and 2023 includes interest and dividends of \$162,937 and \$168,433, unrealized gains/(losses) of \$504,926 and \$432,282 and realized gains/(losses) of \$1,211 and \$(92,046), respectively. Investment management fees were \$19,921 and \$14,790, for the years ended June 30, 2024 and 2023, respectively, are recorded as a reduction to investment income.

During March 2022, FFO adopted an updated investment policy. The updated policy includes guidelines for the prudent investment of FFO's investments. To manage investment risk and to optimize investment returns within acceptable risk parameters, the investment policy created three separate investment pools: operating reserve funds, board designated reserves fund, and an intermediate term reserve fund. The overall goal of the updated policy is to preserve capital, liquidity and optimize investment returns.

Note 6. In-Kind Donations

A significant portion of FFO's support is derived from donated food, facilities, and services (contributed non-financial assets). Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions and were utilized in operations during the year received. Such activity is included in donated goods, utilities, and facilities or donated services in the accompanying statements of activities and changes in net assets and are comprised of the following:

Donated Food

The Organization uses the average valuation of food donated through the Feeding America network when valuing the donated food. This valuation is determined by a proprietary audit conducted on behalf of Feeding America by another auditor, determining the approximate average wholesale value of one pound of food at the national level. This is the value used by other Washington, D.C. area food banks. The average wholesale value of one pound of food as determined by Feeding America was \$1.93 and \$1.92 for the years ended June 30, 2024 and 2023, respectively. FFO received 2,754,786 and 2,716,306 pounds of donated food for the years ended June 30, 2024 and 2023, respectively.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 6. In-Kind Donations (Concluded)

Donated Facilities

The County of Fairfax, Virginia (the County) provides FFO the use of a 10,750 square foot warehouse and office facility and related utilities at no cost. Effective November 3, 2017, the County amended the office lease with the landlord via a Second Extension and Modification of Lease Agreement (the Second Amendment) to include the adjacent space to the current facilities which consists of approximately 5,385 square feet of rentable floor space. The Second Amendment also extends the lease for a five-year term, March 1, 2018 through February 28, 2023, and includes an option to renew the lease for one five-year term. Effective February 2022, the County amended the office lease with the landlord via a Third Extension and Modification of Lease Agreement (the Third Amendment) to include space adjacent to the current facilities which consists of approximately 10,771 square feet of rentable floor space. In July 2022, FFO entered into a contract for construction services to renovate this additional space. The cost of the renovations per the construction contract is approximately \$576,000. As of June 30, 2024 FFO has incurred approximately \$470,000 in renovation costs related to this contract. The Third Amendment also extends the Lease for a ten-year term, March 1, 2023 through June 30, 2032, unless sooner terminated in accordance with the lease. There is no option to renew the lease in the Third Extension.

In July 2016 the County and FFO entered into a license agreement (the License) whereby the County licenses to FFO the leased premises pursuant to FFO providing services under a contract (the Contract) with the County. The Contract has a term of one year and has been renewed annually. The License runs concurrently with the term of the Contract and its amendments. The License renews automatically at any time that the Contract is renewed, with all covenants and conditions remaining the same, unless written termination of the License is given by either party 60 days prior to the end of the then current term. There are no charges to FFO under the terms of the License.

The County estimates that the fair value of the free use of this warehouse space was \$440,640 and \$427,805 for the years ended June 30, 2024 and 2023, respectively.

Donated Services

FFO receives a substantial amount of services from volunteers. These volunteers assist in the acquisition and distribution of food and food products. They also provide management and administrative services. Volunteers donated 35,925 and 32,089 non-professional hours in the years ended June 30, 2024 and 2023, respectively. FFO does not record these in-kind services as such services are not considered to be specialized and would not typically be purchased if not donated. Additionally, FFO received donated HVAC services in the amount of \$31,395 and \$50,661 in the years ended June 30, 2024 and 2023, respectively.

Note 7. Pension Plan

FFO has a Savings Incentive Match Plan (SIMPLE Plan) covering all eligible employees. Under this Plan, all employees may elect to defer a percentage of compensation up to statutory limits. FFO will match the first 3% of each employee's contribution and the contribution is immediately vested. FFO's contribution expense for the years ended June 30, 2024 and 2023 was \$18,684 and \$16,314, respectively.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Time restricted	\$ 108,744	\$ 122,079
Purpose restricted	<u>-</u>	<u>-</u>
	<u>\$ 108,744</u>	<u>\$ 122,079</u>

Note 9. Deferred Revenue

Deferred revenue

FFO has received event revenue for events to be held subsequent to year end in the amount of \$26,392 and \$21,133 for the years ended June 30, 2024 and 2023, respectively.

The following table provides information about significant changes in deferred revenue for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of the year	\$ 21,133	\$ 19,500
Revenue recognized in current year that was included in deferred revenue at beginning of year	\$ (21,133)	\$ (19,500)
Deferred revenue, end of year	\$ 26,392	\$ 21,133

Note 10. Lease

In July 2020, FFO entered into a lease for additional warehouse space near its current warehouse and office location. The lease began July 15, 2020 and was for a 24-month term. FFO paid a deposit equal to one month's rent of \$5,000. The lease contained two options to renew the lease, each for a one-year term. The lease also included a rent escalation clause. The base annual rent of \$60,000 shall be increased annually by 3%. Rent expense was \$0 and \$30,900 for the years ended June 30, 2024 and 2023, respectively. In January 2022 the lease was extended for a four-month period to end December 31 2022. The lease was terminated in December 2022 and the security deposit was refunded. There are no future minimum lease payments under the terms of this lease agreement.

Note 11. Subsequent Events

In preparing these financial statements, FFO has evaluated events and transactions for potential recognition or disclosure through October 25, 2024, the date the financial statements were available to be issued. Management of FFO has determined no subsequent event has occurred that requires recognition or disclosure in the financial statements.