

Food Bank for the Heartland
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
For the year ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Food Bank for the Heartland

Opinion

We have audited the accompanying financial statements of Food Bank for the Heartland (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank for the Heartland as of June 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 Auditor's Responsibilities for the Audit 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 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 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; this includes 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, and related notes, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 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 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 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.

Report on Summarized Comparative Information

We have previously audited the Food Bank for the Heartland's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
January 7, 2026

Food Bank for the Heartland
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With comparative totals for 2024)

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
General cash	\$ 7,148,012	\$ 7,201,805
Restricted cash	3,833,039	7,430,690
Cash held in investment accounts	163,522	156,772
Grants receivable	1,779,455	3,363,919
Accounts receivable (net of allowance of \$0 and \$0, respectively)	14,726	73,499
Unconditional promises to give, current portion	2,566,671	2,724,462
Prepaid expenses	337,637	758,584
Donated food inventory	1,125,211	1,511,170
Purchased food inventory	348,528	582,388
Investments	3,965,198	4,600,743
Total current assets	21,281,999	28,404,032
NONCURRENT ASSETS		
Restricted cash, net of current portion	33,065	33,040
Unconditional promises to give, net of current portion	2,597,179	3,122,114
Software development costs, (net of accumulated amortization of \$316,457 and \$266,902, respectively)	80,701	130,256
Right-of-use assets, net	126,677	100,858
Property and equipment		
Land	-	292,700
Building	-	2,342,409
Equipment	1,346,007	1,640,667
Building improvements	98,055	4,967,193
Vehicles	3,116,427	2,884,885
Construction in progress	25,207,312	10,530,059
Total property and equipment	29,767,801	22,657,913
Less: accumulated depreciation	(2,366,083)	(4,627,786)
Total property and equipment	27,401,718	18,030,127
Total noncurrent assets	30,239,340	21,416,395
 Total assets	 \$ 51,521,339	 \$ 49,820,427

See accompanying notes and independent auditor's report.

Food Bank for the Heartland
STATEMENT OF FINANCIAL POSITION - CONTINUED
June 30, 2025
(With comparative totals for 2024)

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,592,135	\$ 1,117,091
Accrued salaries	484,380	425,892
Operating lease liability	36,044	27,165
Notes payable	-	7,130,000
Other current liabilities	1,533	254,097
Deferred revenue	10,000	-
Total current liabilities	3,124,092	8,954,245
NONCURRENT LIABILITIES		
Operating leases, net of current portion	85,475	73,693
Total noncurrent liabilities	85,475	73,693
Total liabilities	3,209,567	9,027,938
NET ASSETS		
Without donor restriction		
Operating fund	38,729,265	29,898,738
Funded depreciation fund - board designated	1,427,927	1,330,357
Quasi-endowment fund - board designated	2,700,793	3,427,158
Emergency or strategic initiative reserve fund - board designated	2,925,093	3,729,024
Total net assets without donor restriction	45,783,078	38,385,277
With donor restriction	2,528,694	2,407,212
Total net assets	48,311,772	40,792,489
Total liabilities and net assets	\$ 51,521,339	\$ 49,820,427

See accompanying notes and independent auditor's report.

Food Bank for the Heartland
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025
(With comparative totals for 2024)

	2025		2024	
	Without donor restriction	With donor restriction	Total	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Public support				
Contributed nonfinancial assets - donated food and commodities	\$ 24,526,557	\$ -	\$ 24,526,557	\$ 22,532,216
Public contributions	15,342,917	3,054,020	18,396,937	21,961,306
Contributed nonfinancial assets - Celebrity Chef	376,644	-	376,644	262,984
Contributed nonfinancial assets - other	31,294	-	31,294	27,722
Special event (net of direct donor benefit of \$153,811, and \$101,131 respectively)	720,304	60,000	780,304	614,638
Public support services donations	1,260	-	1,260	-
Total public support	<u>40,998,976</u>	<u>3,114,020</u>	<u>44,112,996</u>	<u>45,398,866</u>
Government support and cost reimbursements				
Contributed nonfinancial assets - USDA commodities	7,100,653	-	7,100,653	9,913,542
Coronavirus state and local fiscal recovery funds	2,899,991	-	2,899,991	6,508,902
Emergency food assistance programs	1,216,507	-	1,216,507	1,425,903
SNAP	699,424	-	699,424	782,487
Purchased product	17,782	-	17,782	132,033
Total government support and cost reimbursements	<u>11,934,357</u>	<u>-</u>	<u>11,934,357</u>	<u>18,762,867</u>
Revenue and gains/(losses)				
Net investment income/(loss)	342,228	-	342,228	1,885,014
Interest income on cash accounts	374,401	25	374,426	420,210
Gain/(loss) on disposal of capital asset	2,747,196	-	2,747,196	20,881
Other revenue	-	-	-	1,350
Total revenue and gains/(losses)	<u>3,463,825</u>	<u>25</u>	<u>3,463,850</u>	<u>2,327,455</u>
Total support and revenue before net assets released from restrictions				
	56,397,158	3,114,045	59,511,203	66,489,188
Net assets released from restrictions				
Satisfaction of program restrictions	<u>2,992,563</u>	<u>(2,992,563)</u>	<u>-</u>	<u>-</u>
Total support, revenue, and reclassifications	<u>59,389,721</u>	<u>121,482</u>	<u>59,511,203</u>	<u>66,489,188</u>
EXPENSES				
Program services	49,758,678	-	49,758,678	50,202,167
Management and general	1,010,338	-	1,010,338	896,865
Fundraising	1,222,904	-	1,222,904	1,003,167
Total expenses and losses	<u>51,991,920</u>	<u>-</u>	<u>51,991,920</u>	<u>52,102,199</u>
CHANGE IN TOTAL NET ASSETS	7,397,801	121,482	7,519,283	14,386,989
NET ASSETS, BEGINNING OF YEAR	<u>38,385,277</u>	<u>2,407,212</u>	<u>40,792,489</u>	<u>26,405,500</u>
NET ASSETS, END OF YEAR	<u>\$ 45,783,078</u>	<u>\$ 2,528,694</u>	<u>\$ 48,311,772</u>	<u>\$ 40,792,489</u>

See accompanying notes and independent auditor's report.

Food Bank for the Heartland
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2025
(With comparative totals for 2024)

	2025			2024	
	Program Services	Supporting Services		Total	Total
		General & Administrative	Fundraising		
Salaries and related expenses					
Salaries	\$ 4,703,346	\$ 498,001	\$ 332,001	\$ 5,533,348	\$ 5,075,811
Employee benefits	837,886	88,717	59,145	985,748	897,782
Payroll taxes	350,233	37,083	24,722	412,038	359,700
Payroll service expense	31,953	3,383	2,256	37,592	28,302
Total salaries and related expenses	5,923,418	627,184	418,124	6,968,726	6,361,595
Food distributed to agencies					
Public support	26,950,586	-	-	26,950,586	28,047,151
USDA commodities	9,597,807	-	-	9,597,807	9,597,807
Kids Café	291,219	-	-	291,219	299,336
BackPack	1,178,320	-	-	1,178,320	1,179,452
Agencies	151,837	-	-	151,837	187,593
SNAP	165,680	-	-	165,680	183,927
Summer food	131,047	-	-	131,047	155,400
Vista Program	-	-	-	-	242,828
Freight	539,317	-	-	539,317	616,491
Maintenance:					
Building	169,701	29,947	-	199,648	147,531
Equipment	55,187	4,906	1,226	61,319	62,593
Computer	544,172	48,371	12,093	604,636	674,431
Other	61,615	-	-	61,615	61,759
Public relations	403,464	-	759,007	1,162,471	932,882
Utilities	87,459	4,603	-	92,062	132,172
Insurance	160,766	17,022	11,348	189,136	161,819
Warehouse rent	42,157	-	-	42,157	23,143
Warehouse supplies	284,363	-	-	284,363	328,275
Conference and travel	135,987	14,399	9,599	159,985	146,186
Postage and printing	23,718	2,511	1,674	27,903	24,437
Memberships	27,443	-	-	27,443	19,447
Vehicle expense	452,100	47,869	31,913	531,882	638,397
Telephone and internet	45,200	4,786	3,191	53,177	30,856
In-kind donation	346,748	36,714	24,476	407,938	290,706
Office supplies	18,681	1,978	1,319	21,978	18,934
Professional fees	517,829	54,829	36,553	609,211	155,383
Administrative fees	140,315	14,857	9,905	165,077	142,588
Other	461,675	48,883	32,589	543,147	266,386
Total expense other than salaries and related expenses	42,984,393	331,675	934,893	44,250,961	44,767,910
Total expense before depreciation and interest	48,907,811	958,859	1,353,017	51,219,687	51,129,505
Depreciation and amortization	740,870	39,832	15,933	796,635	720,890
Interest	109,997	11,647	7,765	129,409	352,935
Total expenses	49,758,678	1,010,338	1,376,715	52,145,731	52,203,330
Less: Direct benefit to donor	-	-	(153,811)	(153,811)	(101,131)
Total expenses in statement of activities	<u>\$ 49,758,678</u>	<u>\$ 1,010,338</u>	<u>\$ 1,222,904</u>	<u>\$ 51,991,920</u>	<u>\$ 52,102,199</u>

See accompanying notes and independent auditor's report.

Food Bank for the Heartland
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025
(With comparative totals for 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Reconciliation of Change in Net Assets to Net Cash from (used for) Operating Activities		
Change in total net assets	\$ 7,519,283	\$ 14,386,989
Adjustments for non cash items and investing activities affecting changes in total net assets:		
Net unrealized (gain)/loss on investments	(307,336)	(403,643)
(Gain)/loss on disposal of assets	(2,747,196)	(20,881)
Depreciation	747,080	663,350
Amortization of software development costs	49,555	78,421
Change in right-of-use asset	(25,819)	54,258
Change in operating lease liability	20,661	(54,257)
Changes in:		
Grants receivable	1,584,464	-
Accounts receivable	58,773	(1,580,675)
Prepaid assets	420,947	(576,975)
Change in inventory	619,819	(290,937)
Promises to give	682,726	(3,073,747)
Accounts payable	1,475,044	709,169
Other current liabilities	(252,564)	2,345
Accrued salaries	58,488	54,395
Refundable advance	-	(600,000)
Deferred revenue	10,000	-
Net cash (used)/provided by operating activities	9,913,925	9,347,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,000,000	-
Purchases of investments	(57,119)	(1,427,961)
Proceeds from sale of assets	7,542,456	-
Purchases of equipment and improvements	(14,913,931)	(3,097,451)
Net cash (used)/provided by investing activities	(6,428,594)	(4,525,412)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayments) of long-term debt	(7,130,000)	-
Net cash (used)/provided by financing activities	(7,130,000)	-
NET CHANGE IN CASH	\$ (3,644,669)	\$ 4,822,400
CASH AT BEGINNING OF YEAR		
Unrestricted	\$ 7,201,805	\$ 9,878,456
Restricted	7,463,730	52,982
Cash held in investments	156,772	68,469
Total	\$ 14,822,307	\$ 9,999,907
CASH AT END OF YEAR		
Unrestricted	\$ 7,148,012	\$ 7,201,805
Restricted	3,866,104	7,463,730
Cash held in investments	163,522	156,772
Total	\$ 11,177,638	\$ 14,822,307
Supplemental Cash Flow Information		
Noncash activity		
Food donations	(31,627,210)	(32,445,758)
Distribution to other agencies	31,223,437	31,221,509
Amounts included in accounts payable for equipment and improvements	1,931,007	127,150

See accompanying notes and independent auditor's report.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Food Bank for the Heartland.

1. Organization

Food Bank for the Heartland (the Organization) is a not-for-profit organization that collects food and redistributes it to agencies in 77 counties in Nebraska and 16 counties in western Iowa. The Organization is supported primarily by donor and USDA contributions of food and money.

2. Financial Statement Presentation

The financial statements are presented in accordance with the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958 and update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to the minimum classification scheme of two classes of net assets:

- a. Net assets without donor restrictions; including net assets whose use is not restricted by donors, though their use may be limited in other respects, such as by contract or by board designation.
- b. Net assets with donor restrictions; including net assets whose use by the Organization has been limited by donors either temporarily or in perpetuity, depending on the donor stipulations. Restrictions that are temporary in nature stipulate resources to be used after a specified date, for a particular program or service, or to acquire capital assets. Restrictions that are perpetual in nature stipulate resources be maintained permanently but laws may extend those limits to investment returns or to other enhancements of those resources. The Organization had no restrictions perpetual in nature as of June 30, 2025.

3. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Estimates

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

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less, with or without donor restrictions, to be cash equivalents.

Cash and cash equivalents are measured at amortized cost, thus included in the scope of ASC 326, however, management has not historically experienced any losses on such accounts, and is not aware of current events or scenarios that would lead management to believe an expected credit loss is likely, and also does not have any information that would provide for a reasonable or supportable forecast of expected credit loss and therefore believes these financial assets have a current expected credit loss of zero.

6. Investments

The Organization accounts for its investments in accordance with the FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. Pursuant to FASB ASC 820, investments in equity securities with readily determinable fair values and all debt securities are measured at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

7. Accounts Receivable and Allowance for Credit Loss

Management reviews receivables regularly to determine any amount that may not be collected based on prior collection history. The estimated rate is then adjusted based upon future forecasted changes in unemployment rates over the next 12 months. The change in projected unemployment rate for 2026 is not considered material. Management considers all receivables as of June 30, 2025, to be 100% collectible; therefore, no allowance for credit loss has been recorded. All receivables are due within one year and accrue no interest.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Accounts Receivable and Allowance for Credit Loss - Continued

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with our accounting policy election. There were no write offs for the year ended June 30, 2025.

8. Property and Equipment

Purchased property and equipment are recorded at cost and depreciated using the straight-line and accelerated methods over the following lives:

Building and improvements	5 – 39 years
Equipment	3 – 15 years
Vehicles	5 – 7 years

Additions exceeding \$2,500 are capitalized. Donated property and equipment are recorded as support at their estimated fair value. Such donations are reported as donor support without restrictions unless the donor has restricted the donated asset to a specific purpose. Donated property and equipment are depreciated in the same manner and over the same lives as purchased property and equipment.

9. Promises to Give and Contributions

The Organization accounts for contributions in accordance with the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. In accordance with FASB ASC 958, contributions received are recorded with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions.

All support with donor restrictions is reported as a net asset increase in the category of ‘with donor restrictions’ depending on the nature of the restriction. When a restriction expires (when a stipulated time period ends or a purpose obligation is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets without donor restrictions.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Promises to Give and Contributions - Continued

Contributions with donor restrictions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying combined financial statements.

Promises to give are written or oral agreements to contribute cash or other assets to the Organization. In agreement with FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, unconditional promises to give are recognized as revenue or gain in the period received. Per the codification, conditional promises to give are recognized when the conditions on which they depend are substantially met, that is, when a conditional promise becomes unconditional.

10. Food Inventory

The Organization maintains an inventory consisting of donated food items, USDA commodities, and purchased food. The donated food received and distributed by the Organization during the year has been valued and recorded in the accompanying financial statements at the estimated weighted average wholesale amount per pound for food only as determined by Feeding America, a national consortium of regional food banks. The USDA commodities are valued individually at amounts established by the sponsoring state agencies. The purchased food is valued individually at cost.

11. Leases

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Leases with a lease term of 12 months or less at inception are not recorded in the statement of financial position and are expensed on a straight-line basis over the lease term in the statement of activities. The Organization recognizes leases with terms exceeding 12 months as right-of-use (ROU) assets and related liabilities. Operating lease right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Leases - Continued

To determine the present value of lease payments on lease commencement, we use the implicit rate when readily determinable, however as most leases do not provide an implicit rate, we use our incremental borrowing rate based on information available at commencement date.

12. Special Events

The Organization sponsored Celebrity Chef, a fundraising event, in order to generate operating funds and raise awareness for the mission.

13. Functional Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include depreciation, utilities, maintenance costs, office and occupancy costs which are allocated on a square footage basis, as well as, salaries and benefits which are allocated on the basis of estimates of time and effort.

14. Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

15. Comparative Financial Statements

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

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Revenue and Cost Recognition on Contracts

On July 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASC) 606, Revenue from Contracts with Customers (Topic 606), which requires the company to recognize revenues by applying the following steps:

- (i) identify the contract(s) with a customer;
- (ii) identify the performance obligations in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract, if applicable; and
- (v) recognize revenue when (or as) the performance obligation is satisfied.

The Organization's contract revenue is recognized pursuant to contracts under which the Organization typically has a single performance obligation to transfer to the customer a distinct good. The Organization recognizes revenue at the time the performance obligations are satisfied.

Revenue from government grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreement. Grants receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

NOTE B BOARD DESIGNATIONS

1. Funded Depreciation Fund – Board Designated

The Funded Depreciation Fund was established by the Board to accumulate internally generated funds intended to purchase equipment, make improvements to the present facility, for future additions/replacements as they become necessary, and to subsidize operating expenses. This fund is characterized as board designated and included in net assets without donor restrictions.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE B BOARD DESIGNATIONS - CONTINUED

2. Quasi-Endowment Fund – Board Designated

The Board established the Quasi-endowment Fund in September 1987 as a trust agreement with a financial institution for a principal of \$100 and any contributions made to the Organization from wills, trusts, life insurance proceeds, and from gifts in honor of or in memory of persons. The fund is a quasi-endowment because it may be terminated or amended at any time with the unanimous consent of the Board. The trust agreement was amended in April 2000 to designate the entire original corpus, any contributions to the fund, and all income and gains as board designated.

The amendment further states that the Board may use and request up to 5% of the corpus of the fund annually, unless the Board, by a vote of 75%, approves a greater percentage not to exceed 20%. The Board makes transfers of cash without donor restriction into the fund throughout the year.

During the year, the Board did not designate contributions or withdrawals from either the Funded Depreciation Fund or the Endowment Fund. These decisions had no effect on the measure of operations for the Organization.

The Organization recognized the following changes due to board designations of net assets without donor restrictions, investment earnings, and investment expenses in the board designated funds detailed above:

3. Emergency or Strategic Initiative Reserve Fund – Board Designated

The Emergency or Strategic Initiative Reserve Fund was established by the Board for use when management determines it is necessary to respond to a local, regional, national, or global emergency or disaster, or to support ongoing and long-term strategic initiatives. The board designates up to \$130,000 to be used without board approval. Any transfer greater than \$130,000 requires board approval.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE B BOARD DESIGNATIONS - CONTINUED

	Funded Depreciation Fund	Board Designated Endowment Fund	Emergency or Strategic Initiative Reserve Fund	Total
Beginning designated funds	\$ 1,330,357	\$ 3,427,158	\$ 3,729,024	\$ 8,486,539
Contributions	-	28,975	1,100,000	1,128,975
Withdrawals	-	(1,000,000)	(2,000,000)	(3,000,000)
Appropriated for expenditure	-	-	-	-
Total activity	-	(971,025)	(900,000)	(1,871,025)
Investment earnings	46,023	84,015	96,069	226,107
Investment expenses	(9,531)	(20,001)	-	(29,532)
Net realized gains (losses) on securities sales	-	-	-	-
Unrealized gains (losses) in value of investments	61,078	180,646	-	241,724
Total appreciation/depreciation	97,570	244,660	96,069	438,299
Ending designated funds	<u>\$ 1,427,927</u>	<u>\$ 2,700,793</u>	<u>\$ 2,925,093</u>	<u>\$ 7,053,813</u>

NOTE C INVESTMENTS

Financial instruments that potentially subject the Organization to credit risk consist principally of interest-bearing investments. The risk associated with this concentration is mitigated by ongoing credit review procedures.

Management places substantially all interest-bearing investments with major financial institutions. In accordance with Organization policies, the amount of credit exposure to any one financial institution is limited. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term, and such changes could materially affect the amounts reported in the combined financial statements.

Management assesses individual investment securities as to whether declines in market value are temporary or other than temporary. The length of time and extent to which the fair value of the investment is less than cost and the Organization's ability and intent to retain the investment determine whether management deems declines in fair value as temporary or other than temporary.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE C INVESTMENTS - CONTINUED

The composition of the Organization's investments at June 30, 2025, is set forth in the following table. Investments are stated at fair market value.

	2025	
	Cost	Fair Value
Cash held		
in investment accounts	\$ 163,522	\$ 163,522
Trading securities:		
Equities and Options	244,714	259,705
Mutual funds, ETFs, and closed end-funds	3,257,547	3,705,493
Total investments	3,502,261	3,965,198
Total cash held for		
investments and investments	\$3,665,783	\$4,128,720

NOTE D FAIR VALUE MEASUREMENTS

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE D FAIR VALUE MEASUREMENTS – CONTINUED

The table below presents the amounts of assets and liabilities measured at fair value on a recurring basis as of June 30, 2025, which were all considered Level 1:

	Amount	Level 1
Cash held		
in investment accounts	\$ 163,522	\$ 163,522
Trading securities:		
Equities and Options	259,705	259,705
Mutual funds, ETFs, and closed end-funds	3,705,493	3,705,493
Total investments	3,965,198	3,965,198
Total cash held for		
investments and investments	\$4,128,720	\$4,128,720

The Organization determines fair value of investments by obtaining quoted market prices on nationally recognized securities exchanges and indexes.

NOTE E CONTRIBUTED NONFINANCIAL ASSETS

The Organization recognized contributed nonfinancial assets within revenue, including \$24,526,557 in public donations of foods and commodities, and \$7,100,653 in USDA commodities. All public and USDA donation of foods and commodities are utilized and generally restricted for use in the services provided by the Organizations various programs. These programs include:

- The Emergency Food Assistance Program and the Temporary Assistance for Needy Families Program, providing food to agency partners, including pantries, schools, churches, emergency shelters, and other non-profit organizations to supply emergency and supplemental food to children, families, seniors, and veterans in need.
- The Backpack Program, a partnership with area schools, offers packs of weekend breakfasts and lunches to children.
- Kids Café, a free-meal service programs for at-risk children and serves evening meals to children in partnership with organizations that offer a safe environment after school and during the summer months.
- The Mobile Pantry Program delivers fresh and shelf-stable food directly to communities with a high need but limited food resources.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE E CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED

The Organization also recognized contributed nonfinancial assets of \$102,400 in donated goods and \$274,244 in services for the Celebrity Chef special event. Of the donated goods \$67,350 were for items auctioned off at the special event and \$36,113 was for food provided for the event.

The Organization received an additional \$765 in other donated goods and \$30,529 in other services throughout the year.

The donated food received and distributed by the Organization during the year has been valued and recorded in the accompanying financial statements at the estimated weighted average wholesale amount per pound for food only as determined by Feeding America, a national consortium of regional food banks. The USDA commodities are valued individually at amounts established by the sponsoring state agencies.

The Organization also received 67,500 volunteer hours valued at approximately \$2,348,325, substantially all of which were incurred to assist the Organization in achieving the goals of its program services. However, no value for these services has been recognized as specialized skills were not required.

NOTE F RETIREMENT PLAN

The Organization has a simple IRA retirement plan offered to all employees who meet the eligibility requirements. The Board of Directors has determined that the Organization will contribute a one-for-one match up to a maximum 3% of a participating employee's salary. Employer contributions to the plan were \$114,500 for the year ended June 30, 2025.

NOTE G CONCENTRATION OF RISK

The Organization maintains its cash at various financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). These accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE G CONCENTRATION OF RISK - CONTINUED

As of June 30, 2025, cash and cash equivalents included \$12,241,890 held in commercial banks. As of June 30, 2025, the Organization’s held funds in excess of FDIC coverage of \$1,149,284 In addition, as of June 30, 2025, the Organization held \$163,522 in cash with its investment company. The Securities Investor Protection Corporation (SPIC) provides protection for free cash balances up to \$250,000. The investment company also holds cash balances in FDIC insured accounts. As of June 30, 2025, cash held with the investment company was fully insured.

NOTE H SPECIAL EVENTS

During the year ended June 30, 2025, the Organization recognized the following net revenues from special fund-raising events:

	Gross Revenue	Special Event Expenses	Direct Benefit to Donors	Net Revenues
Celebrity Chef Fundraiser	\$ 934,115	\$ 114,933	\$ 153,811	\$ 665,371
Total	\$ 934,115	\$ 114,933	\$ 153,811	\$ 665,371

NOTE I FOOD INVENTORY

Food inventory as of June 30, 2025, consisted of 945,641 lbs. at a value of \$1,473,739. Of the total above, USDA inventory consisted of 203,973 lbs. at a value of \$291,963 the purchased products, donated with VAP, and Backpack products inventory consisted of 309,380 lbs. valued at \$360,429. The remaining inventory consisted of 432,288 lbs. valued at \$821,347.

As of June 30, 2025, public food donations received in pounds was 12,908,714. The amount of food distributed in pounds for the years ended June 30, 2025, was 12,415,757. These amounts do not include purchased product or USDA commodities.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE J CAPITAL CAMPAIGN

On October 25, 2022, the Organization closed on the purchase of a new office building with a total cost of \$7,130,000. The building has been recorded as construction in progress with an appraised valuation of \$9,000,000. The building was financed with a loan for \$7,130,000 with an interest rate of 4.95%. The loan was paid in full on October 27, 2024. The Organization has initiated a capital campaign to fund the loan. Any potential shortfall will be covered from reserves. During the year the Organization raised \$6,828,220 for its capital campaign. As of June 30, 2025, a total of \$19,576,547 has been raised through the capital campaign.

NOTE K NET ASSETS WITH DONOR RESTRICTIONS

In 2007, The Robert D. Wilson Foundation provided a grant to be used to fund the operations of the Organization which is required to be kept in a separate bank account. The Organization must obtain approval from the Robert D. Wilson Foundation’s Board of Directors prior to spending any of the grant funds. Under FASB ASC 958, the grant amount was recorded as revenue with donor restrictions based upon the donor-imposed restriction; at the time the monies are used, such amounts will be reclassified to net assets without donor restrictions. During the year ended June 30, 2025, the Organization expended none of this grant. As of June 30, 2025, donor restricted net assets under the grant totaled \$53,065.

Net assets with donor restrictions are assets whose use by the Organization has been limited by donors to a specific time period or for a specific purpose.

Net assets with donor restrictions consist of the following at June 30, 2025:

Advocacy	\$ 169,563
BackPack Program	307,424
Emergency Food Assistance Program	119,746
Kids Café program	15,960
Mobile Pantries	21,701
Production Center Improvements	660,000
Robert D. Wilson Foundation grant	53,068
Supplemental Nutrition Assistance Program (SNAP)	18,720
2026 Operations	1,102,512
2026 Celebrity Chef Fundraiser	60,000
Total	\$ 2,528,694

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE L NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the time or purpose restriction. Net assets released from donor restriction in the year ended June 30, 2025, were as follows:

Advocacy	\$ 116,051
BackPack Program	1,454,554
Emergency food program	221,361
Kids Café program	3,047
Mobile pantries program	634,973
Production Center Improvements	167,917
See What I Mean Program (SWIM)	799
Supplemental Nutrition Assistance Program (SNAP)	181,280
Travel	9,970
Marketing	35,000
Celebrity Chef Fundraiser	50,000
2025 Operations	117,611
Total	\$ 2,992,563

NOTE M UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are classified as net assets without donor restrictions in the statement of activities. During the year ended June 30, 2023 the Organization received a \$200,000 multi-year grant to be distributed over a four-year period. During the year ended June 30, 2024 the Organization received a \$300,000 multi-year grant to be distributed over a three year period. The final payment for both grants is to be received in the fiscal year ending June 30, 2026. The Organization has recognized the noncurrent portion of the promise to give at net present value with an unamortized discount of 5.25% and 4.49%, respectively, based on the risk-free interest rate of treasury bills of similar maturity length.

The Organization also recognizes promises to give of \$1,900,000 for capital campaign contributions received during the year ended June 30, 2025 and \$3,407,552 for capital campaign contributions received in previous years, with varying multi-year terms. The Organization has recognized the noncurrent portion at net present value with an unamortized discount of 4.49%.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE M UNCONDITIONAL PROMISES TO GIVE - CONTINUED

Unconditional promises to give net of the unamortized discount amounted to \$5,163,850 at June 30, 2025 and consist of the following:

Promises due in:	
Less than one year	\$ 2,566,671
One to five years	2,740,881
Less unamortized discount at 5.25%	<u>(143,702)</u>
	<u>\$ 5,163,850</u>

NOTE N CONDITIONAL PROMISES TO GIVE

During the year ended June 30, 2025 the Organization received three conditional promises to give totaling \$4,250,000, conditioned upon completion of the capital project for the new building and receiving its certificate of occupancy. As this condition has not been met as of June 30, 2025, no revenue for conditional promises to give has been recognized.

NOTE O DEFERRED REVENUE

Deferred revenue consists of the difference between USDA foods received and distributed during the year ended June 30, 2025.

NOTE P ADVERTISING COSTS

The Organization uses advertising to promote its programs, request donations, and raise awareness about the issue of hunger. Advertising costs are expensed as incurred and included within the public relations line on the statement of functional expenses. Advertising expense for the year ended June 30, 2025, was \$151,201.

NOTE Q RELATED PARTY TRANSACTION

Pursuant to an agreement dated July 15, 2015, the Organization and the Iowa Food Bank Association agreed to cooperate to facilitate SNAP expansion in the State of Iowa. The CEO and President of the Organization serves on the Board of Directors of the Iowa Food Bank Association, and he recused himself from the vote on the terms of the agreement. For the period ending June 30, 2025, \$191,859 was paid to the Organization by the Iowa Food Bank Association as a reimbursement for services. As of June 30, 2025, \$64,506 was due to the Organization.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE R **LINE OF CREDIT**

The Organization has a line of credit with a bank of \$500,000. There were no borrowings against the line at June 30, 2025. The line bears interest at the bank's prime lending rate. There are no binding financial covenants associated with this revolving line of credit.

The Organization also maintains credit card accounts to be used by Organization staff. The total credit limit among all accounts is \$264,500. As of June 30, 2025, the total outstanding credit card balance was \$78,140.

NOTE S **LIQUIDITY DISCLOSURE**

The Organization experiences seasonal cash flow variation throughout the fiscal year. This variation is attributed to trends in public contributions and grant receipt timing; both trends are regularly monitored by management and the Board of Directors. To manage liquidity, the Organization maintains a minimum cash balance in its operating account equal to six weeks of operating expenses. With the addition of cash reserves from investments and savings, the Organization maintains a balance equal to six months of operating expenses. The six-month cash reserve policy is a policy of the Board of Directors.

In the event of an emergency, the Board of Directors has an emergency supplemental cash flow policy that guides when the Organization can make unbudgeted withdrawals from cash reserves. There have been no such emergencies, and none are anticipated.

The Organization's expectation, to sustain proper levels in its cash and cash reserves accounts for an upcoming 12-month period, is dependent upon reasonable projections of contributions receivables, agency receivables, operating expenses, and capital expenses. The Organization creates a balanced budget which is monitored and reported throughout the fiscal year. Deficit budgets are not created except in unusual circumstances.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE S LIQUIDITY DISCLOSURE – CONTINUED

Liquidity resources beyond operating cash and cash reserves include an available line of credit of \$500,000. Liquidity resources dependent upon approval of the Board of Directors are the Funded Depreciation Fund, the board-designated Endowment Fund, and the Emergency or Strategic Initiative Reserve Fund. The Funded Depreciation Fund is board-designated for capital projects and improvements or to subsidize operating expenses. The Endowment Fund is a board-designated quasi-endowment that may be terminated or amended at any time with the unanimous consent of the Board of Directors. The Emergency or Strategic Initiative Reserve fund is board-designated for use when management determines it is necessary to respond to a local, regional, national, or global emergency or disaster, or to support ongoing and long-term strategic initiatives.

As of June 30, 2025, the following financial assets could be made available within one year of the balance sheet date to meet general expenditure:

Liquidity resources:	
Line of credit available	500,000
Resources dependent on board approval:	
Emergency or Strategic Initiative Reserve Fund	2,925,093
Capital Campaign	3,833,039
Board Designated Endowment Fund	2,700,793
Funded Depreciation Fund	1,427,927
	10,886,852
Total	\$ 19,970,623

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE T OPERATING LEASES

Operating leases consisted of the following as of June 30, 2025.

	Year ended June 30, 2025					
	Discount rate	Variable Expense	Lease Expense	Remaining Lease Liability	Right of Use Asset Ammortization	Remaining Right of Use Asset
On January 31, 2021, the Organization entered into a lease agreement for the use of a truck. The lease is payable in 84 monthly fixed installments of \$2,342, with an additional variable amount based on mileage and refrigeration hours of the truck. The final payment of the lease is due on January 31, 2028.	5.25%	\$ 5,179	\$ 28,104	\$ 67,755	\$ 19,235	\$ 72,384
On October 1, 2022 the Organization entered into a lease agreement for the use of a postage meter. The lease is payable in 60 monthly installments of \$242. The final lease payment is due on September 1,	6.25%	-	2,900	5,938	1,776	6,467
On May 15, 2019, the Organization entered into a lease agreement for the use of three copiers. The lease is payable in 60 monthly payments of \$1,000 beginning August 1, 2019. The final lease payment was due July 1, 2024 with a fair market purchase option. Organization did not opt for the purchase option. The lease continued month-to-month for the remainder of the 2025 fiscal year.	5.25%	-	17,448	-	996	-
On May 15, 2019, the Organization entered into a lease agreement for the use of three copiers. The lease is payable in 60 monthly payments of \$1,000 beginning August 1, 2019. The final lease payment is due July 1, 2024 with a fair market purchase option.	7.50%	\$ -	\$ -	\$ 47,826	\$ -	\$ 47,826
		\$ 5,179	\$ 48,452	\$ 121,519	\$ 22,007	\$ 126,677
Less: Current Portion				36,044		
Total			\$ 48,452	\$ 85,475	\$ 22,007	\$ 126,677

Operating lease payments for the year ended June 30, 2025, totaled \$61,129 with a weighted average discount rate of 5.33% and a weighted average lease term of 3.52 years.

Food Bank for the Heartland
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2025

NOTE T OPERATING LEASES - CONTINUED

As of June 30, 2025, the total remaining operating lease payments under non-cancelable lease agreements are as follows:

<u>Year ending June 30,</u>		
2026	\$	41,984
2027		41,984
2028		28,099
2029		10,980
2030		10,980
2031		<u>2,745</u>
Total		136,772
Less Interest		<u>(15,253)</u>
Total Lease Liabilities	\$	<u><u>121,519</u></u>

NOTE U COMMITMENTS

In 2024, the Organization entered into a construction agreement for the purpose of the development of real estate and construction of a new office building and warehouse disclosed in Note J, Capital Campaign. The construction agreement has a guaranteed maximum price of \$22,000,000. Construction activities commenced during the fall of 2024 and are expected to complete prior to February 2026.

In January 2025, the Organization closed on the sale of its current office building and warehouse in the amount of \$7,600,000 and recognized a gain on sale of \$2,747,196. As part of the sale, a sale leaseback agreement was entered into between the Organization and the buyer for the continued use of the Organization's current location until completion of the new office building and warehouse disclosed in Note T, Commitments. The lease is payable in monthly installments of \$49,083 through February 2026.

NOTE V SUBSEQUENT EVENTS

Subsequent events have been assessed through January 7, 2026, the date which the financial statements were available to be issued, the Organization did not have any subsequent events affecting the amounts reported in the financial statements for the year ended June 30, 2025, which are required to be disclosed in the notes to the financial statements for the year then ended.

SUPPLEMENTARY INFORMATION

Food Bank for the Heartland
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

Cluster/Program Title	Federal Grantor	Passthrough Grantor	Federal Assistance Listing Number	Grant Number	Expenditures
Food Distribution Cluster					
Emergency Food Assistance Program (Administrative Costs)	U.S. Department of Agriculture	Nebraska Department of Health and Human Services Nebraska Department of Health and Human Services Iowa Department of Human Services	10.568	253NE826Y8105 238NE000H1003 ACFS 16-192	\$ 218,270 276,227 99,712 <u>594,209</u>
Emergency Food Assistance Program (Food Commodities)	U.S. Department of Agriculture	Nebraska Department of Health and Human Services Iowa Department of Human Services	10.569	253NE826Y8105 ACFS 16-192	5,598,192 <u>1,502,462</u> 7,100,654
Total Food Distribution Cluster					<u>7,694,863</u>
SNAP Cluster					
SNAP Nebraska State Outreach Plan	U.S. Department of Agriculture	Nebraska Department of Health and Human Services Nebraska Department of Health and Human Services Iowa Food bank Association	10.561	243NE406S2514 253NE406S2514	77,876 243,456 <u>294,898</u>
Total SNAP Cluster					<u>616,230</u>
Child and Adult Care Food Program	U.S. Department of Agriculture	Nebraska Department of Education Nebraska Department of Education	10.555 10.555	202424N109943 202525N109943	64,446 <u>262,496</u> 326,942
Child Nutrition Cluster					
Summer Food Service Program	U.S. Department of Agriculture	Nebraska Department of Education Nebraska Department of Education	10.559	204224N109943 202525N109943	47,957 <u>50,858</u> 98,815
Total Child Nutrition Cluster					<u>98,815</u>
Local Food Purchase Assistance Program	U.S. Department of Agriculture	Iowa Department of Agriculture and Land Stewardship Nebraska Children and Families Foundation	10.182	AM22LFPA000C007 24-BUN-48	42,051 <u>4,226</u> 46,277
Healthy Kids Iowa	U.S. Department of Agriculture	Iowa Department of Health and Human Services	10.579	COAEEAP25005	119,079
Total U.S. Department of Agriculture					<u>8,902,206</u>
Temporary Assistance for Needy Families	U.S. Department of Health and Human Services	Nebraska Department of Health and Human Services	93.558	2301NETANF	2,899,991
Total U.S. Department of Health and Human Services					<u>2,899,991</u>
Total Federal Expenditures					<u>\$ 11,802,197</u>

See accompanying notes and independent auditor's report.

Food Bank for the Heartland
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Food Bank for the Heartland (the Organization) is a not-for-profit organization that collects food and redistributes it to agencies in 77 counties in Nebraska and 16 counties in western Iowa. The Organization is supported primarily by donor contributions of food and money.

2. Basis of Accounting

The schedule of expenditures of federal awards is presented on the accrual basis of accounting.

3. Basis of Presentation

The accompanying schedule presents expenditures paid for each federal award program in accordance with the Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal programs are reported by Federal Assistance Listing Number, whenever possible.

4. Contingencies

During the normal course of business, the Organization receives funds from the United States Government for program services. Substantially all of these funds are subject to future audit by various federal and state agencies, however, it is management's opinion that resulting adjustments, if any, would not have a material effect upon the accompanying financial statements.

5. De Minimis Indirect Cost Rate

The Organization has elected not to charge the 10% de minimis indirect cost rate to its federal award programs.

Food Bank for the Heartland
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Indirect Awards

During the year the Organization received Federal awards totaling \$8,902,206 from the U.S. Department of Agriculture, and \$2,899,991 from the U.S. Department of Health and Human Services. These grants were received indirectly from passthrough agencies. A total of \$9,314,012 was received from the Nebraska Department of Health and Human Services, \$1,721,253 was received from the Iowa Department of Human Services, \$425,757 was received from the Nebraska Department of Education, \$294,898 was received from the Iowa Food Bank Association, \$42,051 was received from the Iowa Department of Agriculture and Land Stewardship, and \$4,226 was received from the Nebraska Children and Families Foundation.



INDEPENDENT AUDITOR’S 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*

To the Board of Directors of
Food Bank for the Heartland

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 financial statements of Food Bank for the Heartland (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 7, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 determination of financial statement amounts. 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.

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.

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
January 7, 2026



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

To the Board of Directors of
Food Bank for the Heartland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Food Bank for the Heartland's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2025. The Organization's major federal program is identified in the summary of auditor's 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 its major federal program for the year ended June 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.

Auditor's 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 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.

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.

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.

Omaha, Nebraska

January 7, 2026

Food Bank for the Heartland
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor’s report issued: **Unmodified**

Internal controls over financial reporting:

- Material weaknesses identified: **None reported**
- Significant deficiencies identified: **None reported**

Noncompliance material to financial statements noted: **None reported**

Federal Awards

Internal control over major programs:

- Material weaknesses identified: **None reported**
- Significant deficiencies identified: **None reported**

Type of auditor’s report issued on
Compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to
Be reported in accordance with Section 200.516 of
Uniform Guidance: **No**

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.568 & 10.569	Food Distribution Cluster
93.558	477 Cluster

Dollar threshold used to distinguish between
Type A and Type B programs: **\$750,000**

Audit qualified as low-risk auditee: **Yes**

Food Bank for the Heartland
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the year ended June 30, 2025

II. FINDINGS—FINANCIAL STATEMENTS

None noted

III. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS

None Noted

Food Bank for the Heartland
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2025

II. FINDINGS—FINANCIAL STATEMENTS

None noted

III. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS

None Noted