
Northern Illinois Food Bank

**Financial Report
June 30, 2025**

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Independent Auditor's Report

To the Board of Directors
Northern Illinois Food Bank

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Northern Illinois Food Bank (the "Food Bank"), which comprise the statement of financial position as of June 30, 2025 and 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Food Bank as of June 30, 2025 and 2024 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Food Bank and to meet our 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 audits opinion.

Responsibilities of Management for the Financial Statements

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

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 Food Bank's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Northern Illinois Food Bank

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Food Bank'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 Food Bank's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2025 on our consideration of the Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank's internal control over financial reporting and compliance.



November 6, 2025

Statement of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 5,047,323	\$ 7,433,653
Investments (Note 4)	35,795,661	32,368,880
Receivables:		
Grants receivable	2,143,309	2,845,534
Accounts receivable	273,688	214,319
Contributions receivable - Net (Note 3)	1,164,811	2,088,504
Inventory (Note 5)	8,693,962	7,740,492
Right-of-use lease assets (Note 9)	3,050,981	1,634,584
Prepaid expenses and other assets:		
Prepaid expenses	426,179	350,013
Deposits and coupons	89,061	85,882
Property and equipment - Net (Note 6)	<u>19,286,878</u>	<u>19,085,563</u>
Total assets	<u>\$ 75,971,853</u>	<u>\$ 73,847,424</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,010,236	\$ 1,326,767
Lease liabilities - Operating (Note 9)	3,043,040	1,704,167
Lease liabilities - Finance (Note 9)	195,684	100,532
Accrued liabilities and other:		
Due to agencies	233,564	304,893
Accrued wages and other accrued expenses	2,086,940	1,780,060
Bonds payable - Net (Note 7)	<u>4,302,688</u>	<u>4,665,244</u>
Total liabilities	10,872,152	9,881,663
Net Assets		
Without donor restrictions:		
Without donor restrictions	49,537,178	51,826,629
Board designated	<u>12,611,621</u>	<u>7,963,681</u>
Total without donor restrictions	62,148,799	59,790,310
With donor restrictions (Note 10)	<u>2,950,902</u>	<u>4,175,451</u>
Total net assets	<u>65,099,701</u>	<u>63,965,761</u>
Total liabilities and net assets	<u>\$ 75,971,853</u>	<u>\$ 73,847,424</u>

Northern Illinois Food Bank

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Program service fees	\$ 6,084,862	\$ -	\$ 6,084,862	\$ 5,565,744	\$ -	\$ 5,565,744
Contributions and grants	20,757,488	3,287,405	24,044,893	21,534,289	3,984,612	25,518,901
Fees and grants from government agencies	10,940,296	-	10,940,296	9,975,141	-	9,975,141
Miscellaneous (expense) revenue	(60,642)	-	(60,642)	56,366	-	56,366
Contributed food and nonfinancial assets	160,970,818	-	160,970,818	156,484,377	-	156,484,377
Investment income - Net	3,186,655	-	3,186,655	3,764,899	-	3,764,899
Net assets released from restrictions	4,511,954	(4,511,954)	-	4,288,611	(4,288,611)	-
Total revenue and support	206,391,431	(1,224,549)	205,166,882	201,669,427	(303,999)	201,365,428
Expenses						
Program services:						
Food Bank operations	36,076,630	-	36,076,630	36,958,437	-	36,958,437
Contributed food distributed	160,937,424	-	160,937,424	154,716,781	-	154,716,781
Total program services	197,014,054	-	197,014,054	191,675,218	-	191,675,218
Support services:						
Management and general	3,287,838	-	3,287,838	3,489,428	-	3,489,428
Fundraising	3,731,050	-	3,731,050	3,839,569	-	3,839,569
Total expenses	204,032,942	-	204,032,942	199,004,215	-	199,004,215
Increase (Decrease) in Net Assets	2,358,489	(1,224,549)	1,133,940	2,665,212	(303,999)	2,361,213
Net Assets - Beginning of year	59,790,310	4,175,451	63,965,761	57,125,098	4,479,450	61,604,548
Net Assets - End of year	\$ 62,148,799	\$ 2,950,902	\$ 65,099,701	\$ 59,790,310	\$ 4,175,451	\$ 63,965,761

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services		Support Services		Total
	Food Bank Operations	Management and General	Fundraising		
Staff salaries	\$ 7,821,356	\$ 2,020,086	\$ 1,326,432	\$ 11,167,874	
Payroll taxes	587,603	134,363	106,942	828,908	
Health insurance	1,341,560	157,557	213,344	1,712,461	
Retirement plan	209,196	20,517	51,262	280,975	
Total salaries and related expenses	9,959,715	2,332,523	1,697,980	13,990,218	
Contributed food distributed	160,937,424	-	-	160,937,424	
Purchased food distributed	16,826,875	-	-	16,826,875	
Transportation	1,474,922	-	-	1,474,922	
Operating supplies	873,538	-	-	873,538	
Occupancy and utilities	419,493	20,881	18,271	458,645	
Interest expense	276,863	18,492	18,411	313,766	
Facility rental	592,845	-	-	592,845	
Insurance	241,439	133,900	1,048	376,387	
Equipment purchase, maintenance, and rental	226,676	438	-	227,114	
Building maintenance	316,080	15,734	13,767	345,581	
Office and technology supplies	181,395	5,222	33,103	219,720	
Agency grants	654,320	-	-	654,320	
Local travel	91,504	7,602	9,971	109,077	
Telecommunications	150,356	2,014	26,703	179,073	
Feeding America and Feeding Illinois fees	-	41,869	-	41,869	
Direct mail, promotional, and advertising	564,869	285	1,079,104	1,644,258	
Conferences and meetings	68,809	55,467	8,737	133,013	
Postage and shipping	431	12,024	27,354	39,809	
Staffing development	30,724	22,649	12,253	65,626	
Dues and subscriptions	366,854	87,400	200,459	654,713	
Special events	-	-	158,516	158,516	
Professional and consulting fees	534,616	497,994	131,949	1,164,559	
Printing and publications	10,849	6,454	62,814	80,117	
Donated goods and services	170,580	-	-	170,580	
Miscellaneous	50,087	26,890	208,403	285,380	
Depreciation and amortization	1,992,790	-	22,207	2,014,997	
Total functional expenses	\$ 197,014,054	\$ 3,287,838	\$ 3,731,050	\$ 204,032,942	

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services		Support Services		Total
	Food Bank Operations	Management and General	Fundraising		
Staff salaries	\$ 7,921,367	\$ 2,359,126	\$ 1,284,823	\$ 11,565,316	
Payroll taxes	586,549	134,228	100,805	821,582	
Health insurance	1,221,778	139,833	204,574	1,566,185	
Retirement plan	195,099	50,470	54,735	300,304	
Total salaries and related expenses	9,924,793	2,683,657	1,644,937	14,253,387	
Contributed food distributed	154,711,471	-	-	154,711,471	
Purchased food distributed	17,319,602	-	-	17,319,602	
Transportation	1,564,750	-	-	1,564,750	
Operating supplies	735,872	-	-	735,872	
Occupancy and utilities	411,772	21,734	16,301	449,807	
Mortgage interest	237,248	12,523	9,392	259,163	
Facility rental	478,414	-	-	478,414	
Insurance	298,550	98,451	1,569	398,570	
Equipment purchase, maintenance, and rental	192,445	502	-	192,947	
Building maintenance	337,217	17,799	13,349	368,365	
Office and technology supplies	247,514	5,493	42,674	295,681	
Agency grants	1,039,775	-	-	1,039,775	
Local travel	105,371	5,458	8,818	119,647	
Telecommunications	125,793	2,968	12,428	141,189	
Feeding America and Feeding Illinois fees	-	37,255	-	37,255	
Direct mail, promotional, and advertising	496,797	180	1,281,302	1,778,279	
Conferences and meetings	76,933	43,826	4,569	125,328	
Postage and shipping	638	10,282	24,854	35,774	
Staffing development	42,090	15,352	9,742	67,184	
Dues and subscriptions	382,978	48,994	133,427	565,399	
Special events	-	-	181,810	181,810	
Professional and consulting fees	783,039	454,265	131,791	1,369,095	
Printing and publications	31,728	1,306	44,192	77,226	
Donated goods and services	225,529	407	28,250	254,186	
Miscellaneous	40,051	21,560	228,746	290,357	
Depreciation and amortization	1,864,848	7,416	21,418	1,893,682	
Total functional expenses	\$ 191,675,218	\$ 3,489,428	\$ 3,839,569	\$ 199,004,215	

Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Cash and cash equivalents received from contributions and grants	\$ 24,968,586	\$ 26,569,129
Cash and cash equivalents received from program services	17,151,518	14,903,565
Cash paid to suppliers and employees	<u>(42,338,719)</u>	<u>(41,349,986)</u>
Net cash and cash equivalents (used in) provided by operating activities	(218,615)	122,708
Cash Flows from Investing Activities		
Purchase of property and equipment	(2,220,157)	(1,078,032)
Proceeds from sale of property and equipment	(5,900)	63,010
Purchase of investments	(11,884,465)	(14,926,729)
Proceeds from sale of investments	<u>12,441,903</u>	<u>14,182,947</u>
Net cash and cash equivalents used in investing activities	(1,668,619)	(1,758,804)
Cash Flows from Financing Activities		
Principal payments on tax-exempt revenue bonds	(369,972)	(369,993)
Payments on finance lease	<u>(129,124)</u>	<u>(65,270)</u>
Net cash and cash equivalents used in financing activities	<u>(499,096)</u>	<u>(435,263)</u>
Net Decrease in Cash and Cash Equivalents	(2,386,330)	(2,071,359)
Cash and Cash Equivalents - Beginning of year	<u>7,433,653</u>	<u>9,505,012</u>
Cash and Cash Equivalents - End of year	<u>\$ 5,047,323</u>	<u>\$ 7,433,653</u>
Reconciliation of Increase in Net Assets to Net Cash and Cash Equivalents (Used in) Provided by Operating Activities		
Increase in net assets	\$ 1,133,940	\$ 2,361,213
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	2,014,997	1,886,266
Amortization of right-of-use asset	323,639	318,423
Loss (gain) on sale of property and equipment	71,879	(31,332)
Amortization of bond issuance cost	7,416	7,416
Net change in realized and unrealized gain on investments	(3,984,219)	(3,080,772)
(Decrease) increase in provision for uncollectible accounts	(105,686)	40,453
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(59,369)	(50,844)
Grants receivable	702,225	(406,757)
Contributions receivable	923,693	111,895
Inventory	(953,470)	(725,958)
Prepaid expenses	(76,166)	(203,291)
Deposits and coupons	(3,179)	(2,000)
Accounts payable	(316,531)	(251,083)
Accrued expenses	402,032	411,082
Due to agencies	(71,329)	-
Lease liabilities	<u>(228,487)</u>	<u>(262,003)</u>
Net cash and cash equivalents (used in) provided by operating activities	<u>\$ (218,615)</u>	<u>\$ 122,708</u>
Significant Noncash Transactions - Right-of-use asset related to new lease	\$ 1,709,330	\$ -

Note 1 - Nature of Business

Northern Illinois Food Bank (the "Food Bank") was organized as a not-for-profit corporation under the laws of the State of Illinois on September 15, 1982. The Food Bank is a member of Feeding America (formerly, America's Second Harvest), the nation's food bank network. The Food Bank leads the northern Illinois community in solving hunger by providing nutritious meals to those in need through innovative programs and partnerships. Food manufacturers, local groceries, corporations, foundations, and individuals come together to donate food and funds and evaluate and repack food for distribution to the Food Bank's member feeding programs that, in turn, provide the food to hungry people in the community. For the year ended June 30, 2025, the Food Bank provided more than 93 million meals to its neighbors across 13 counties through a network of more than 900 food pantries, soup kitchens, shelters, and youth and senior feeding programs. The Food Bank's major sources of revenue are contributions, grants, and program services fees.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of the Food Bank have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Classification of Net Assets

Net assets of the Food Bank are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Food Bank.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. The donor restrictions are temporary in nature; those restrictions will be met by actions of the Food Bank or by the passage of time.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash and Cash Equivalents

For the purpose of the accompanying financial statements, the Food Bank considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Food Bank maintains its cash and cash equivalents in bank deposit accounts, the balances of which at times exceed federally insured limits.

Inventory

The Food Bank's primary types of inventory are donated, purchased, and United States Department of Agriculture (USDA) Emergency Food Program (EFP) inventory.

Donated inventory represents items donated to the Food Bank for distribution. It is valued based on a survey published by Feeding America. The Food Bank uses the aggregate wholesale value included in the survey published by Feeding America. The Food Bank uses this method, as this approximates industry norms for the value of donated food received and distributed.

Purchased and Emergency Food and Shelter Program (EFSP) inventory are stated at the purchase price by use of the first-in, first-out (FIFO) method of valuation.

USDA EFP inventory is valued based on the annual value of commodities provided by the Illinois Department of Human Services EFP program.

Note 2 - Significant Accounting Policies (Continued)

Leases

The Food Bank has operating leases for operational space. The Food Bank recognizes expense for operating leases on a straight-line basis over the lease term. The Food Bank made a policy election not to separate lease and nonlease components for its leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Food Bank elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for its leases.

Revenue and Public Support

Unconditional promises to give cash and other assets to the Food Bank are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received. Conditional promises are recorded when donor stipulations are substantially met. The gifts are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

Revenue from government grants and contract agreements is conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Any government grants received in advance of expenditures are recorded with accrued expenses on the statement of financial position. Management determines the allowances for doubtful accounts on its grant receivables by reviewing and identifying troubled accounts on a regular basis and by using historical experience. Grants receivable are written off when deemed uncollectible. The Food Bank did not record an allowance on its grants receivable, as it expects to receive outstanding amounts due subsequent to the fiscal year end.

Program service fees are the only revenue stream applicable. Program service fees consist of revenue from the Food Bank's purchased and donated food program. In the purchased food program, the Food Bank buys certain commodities and generally distributes them to agencies at cost plus a shared maintenance fee. Shared maintenance is applied to both the purchased and donated food distributions in an effort to recover some of the costs of acquiring, storing, and handling the food. Purchased food revenue and shared maintenance revenue on donated food is recognized at the point in time in which the agency receives the food, as that is the point in time the Food Bank satisfies the performance obligation. Purchased food is usually paid for at the time of purchase.

Investments

Investments are reported at fair value with unrealized gains and losses reported in the change in net assets.

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives. All expenditures for property and equipment over \$5,000 are capitalized. Costs of maintenance and repairs are charged to expense when incurred.

The Food Bank reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of property and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support.

Contributed Food and Nonfinancial Assets

Contributed food and nonfinancial assets are reflected as contributions at their fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. Contributed food, as well as the related contributed food distributed expense, is estimated using the Food Bank's respective pounds of food at a weighted-average wholesale price per pound by product category, as determined by Feeding America. These amounts have been reported as both contributed food and nonfinancial assets revenue and contributed food distributed expense on the statement of activities and changes in net assets.

A substantial number of volunteers provide nonspecialized services to the Food Bank throughout the year; however, no amounts are recorded in the financial statements, as they do not meet the criteria for financial statement recognition.

Income Taxes

The Food Bank is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Food Bank and recognize a tax liability if the Food Bank has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Food Bank and has concluded that, as of June 30, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Accounts Receivable

The Food Bank's accounts receivable balance consists of amounts due from its purchasing agencies. Accounts receivable are stated at invoice amounts. The Food Bank collectively evaluates trade receivables to determine the allowance for credit losses based on its experience and adjusted for economic conditions and other trends affecting the Food Bank's ability to collect outstanding amounts. Based on experience and the low allowable limits granted to purchasing agencies, management does not consider it necessary to establish an allowance for trade receivables. The Food Bank considers changes in the operations of its purchasing agencies when making adjustments for reasonable and supportable forecasts. The Food Bank uses the direct write-off method for uncollectible accounts when management determines that the receivable will not be collected. The accounts receivable balance as of July 1, 2023 was \$282,329.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board for capital improvements and general expenditures. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Functional Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs have been allocated between the various program and support services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Salaries and related expenses are allocated based on the nature of services or activity performed. Building costs are allocated based on square footage, and the remaining costs are allocated according to asset usage.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 6, 2025, which is the date the financial statements were available to be issued.

Note 3 - Contributions Receivable

Included in contributions receivable as of June 30, 2025 and 2024 are the following:

	2025	2024
Gross promises to give before unamortized discount	\$ 1,219,255	\$ 2,248,634
Less allowance for uncollectible contributions	(43,125)	(123,425)
Less allowance of 3 percent for net present value discount	(11,319)	(36,705)
Net contributions receivable	\$ 1,164,811	\$ 2,088,504
Amounts due in:		
Less than one year	\$ 788,755	\$ 1,242,134
One to five years	430,500	1,006,500
Total	\$ 1,219,255	\$ 2,248,634

Grants that have been awarded but not yet recognized as revenue total approximately \$1.96 million and \$6.15 million for the years ended June 30, 2025 and 2024, respectively. The promise is conditioned upon the Food Bank incurring costs for the purchase of food, property and equipment, over a specified period of time. As of June 30, 2025, these conditions were not met; therefore, this promise is not included in unconditional promises to give as of June 30, 2025.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Food Bank has the ability to access.

Note 4 - Fair Value Measurements (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Food Bank’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Food Bank’s assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the Food Bank to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2025
Assets					
Investments:					
Stocks	\$ 8,617,451	\$ -	\$ -	\$ -	\$ 8,617,451
Exchange-traded and closed-end funds	6,565,866	-	-	-	6,565,866
Municipal bonds	-	2,856,862	-	-	2,856,862
Corporate fixed income	-	7,900,354	-	-	7,900,354
Government securities	-	2,960,819	-	-	2,960,819
Certificates of deposit funds	-	239,012	-	-	239,012
Mutual funds	5,601,308	-	-	-	5,601,308
Total investments	\$ 20,784,625	\$ 13,957,047	\$ -	\$ -	\$ 34,741,672

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2024
Assets					
Investments:					
Stocks	\$ 11,603,552	\$ -	\$ -	\$ -	\$ 11,603,552
Exchange-traded and closed-end funds	8,844,727	-	-	-	8,844,727
Municipal bonds	-	3,197,796	-	-	3,197,796
Corporate fixed income	-	1,912,650	-	-	1,912,650
Government securities	-	2,684,199	-	-	2,684,199
Certificates of deposit funds	-	239,000	-	-	239,000
Mutual funds	3,139,527	-	-	-	3,139,527
Alternative investments	-	-	-	156,104	156,104
Total investments	\$ 23,587,806	\$ 8,033,645	\$ -	\$ 156,104	\$ 31,777,555

Note 4 - Fair Value Measurements (Continued)

Not included in the above tables is \$1,053,989 and \$591,325 of cash held in the investment account at June 30, 2025 and 2024, respectively.

The fair values of municipal bonds, corporate fixed-income securities, government securities, and certificates of deposit at June 30, 2025 and 2024 were determined primarily based on Level 2 inputs. The Food Bank estimates the fair value of these investments based on comparable security transactions or observable yield curves for comparable securities.

Investments in Entities that Calculate Net Asset Value per Share

At June 30, 2024, the Food Bank held shares or interests in investment companies at year end where the fair value of the investment held was estimated based on net asset value per share (or its equivalent) of the investment company. The Food Bank had no such alternative investments as of June 30, 2025.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Held at June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Alternative investments	\$ 156,104	\$ -	Quarterly	45 days

The alternative investments include investments in a state-regulated, non-publicly traded business development company that makes private loans to corporations. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 5 - Inventory

Inventory at June 30, 2025 and 2024 consists of the following:

	2025		2024	
	Dollars	Pounds	Dollars	Pounds
Donated	\$ 4,878,376	2,567,562	\$ 4,313,877	2,189,785
Purchased	1,482,954	2,421,105	330,173	530,952
United States Department of Agriculture (Emergency Food Program)	2,332,632	1,302,721	3,096,442	2,029,707
Total	\$ 8,693,962	6,291,388	\$ 7,740,492	4,750,444

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2025	2024	Depreciable Life - Years
Geneva building	\$ 18,211,335	\$ 18,170,114	39
Geneva land	2,338,673	2,338,673	-
Building and improvements	3,626,393	2,582,614	5-39
Furniture and equipment	3,235,164	3,037,588	5-10
Computers and software	1,950,013	1,816,505	3
Vehicles	4,959,635	4,891,310	5
Construction in progress	490,407	116,549	-
Total cost	34,811,620	32,953,353	
Accumulated depreciation	15,524,742	13,867,790	
Net property and equipment	<u>\$ 19,286,878</u>	<u>\$ 19,085,563</u>	

Depreciation and amortization expense for 2025 and 2024 was \$2,014,997 and \$1,886,266, respectively.

Note 7 - Bonds Payable

The Food Bank issued 25-year variable-rate tax-exempt bonds through the City of Geneva, Kane County, Illinois (the "City") in the amount of \$12,000,000 dated as of November 2010. The Food Bank entered into a loan agreement with the City for the proceeds of the bond issue, which were held by the trustee (Amalgamated Bank of Chicago) and disbursed periodically for payment of costs incurred in conjunction with the Food Bank's construction of a warehouse and certain food storage facilities and related property in the City. The bonds have a maturity date of May 1, 2037 and are secured by the real estate located in the City.

Interest is payable monthly at 5.26 percent through November 1, 2025, the specified rate reset date, after which the rate will adjust. Principal payments in the amount of \$30,831 are also payable monthly.

Minimum principal payments on the bonds payable to maturity as of June 30, 2025 are as follows:

Years Ending	Amount
2026	\$ 369,972
2027	369,972
2028	369,972
2029	369,972
2030	369,972
Thereafter	2,528,118
Less net bond issuance costs	(75,290)
Total	<u>\$ 4,302,688</u>

Total interest expense incurred and paid was \$243,284 and \$259,162 for the years ended June 30, 2025 and 2024, respectively.

Costs associated with the issuance of the bonds and execution of the modification totaled \$178,633 and are being amortized using the straight-line method over the term of the bonds. Amortization charged to expense during the years ended June 30, 2025 and 2024 was \$7,416.

Note 8 - Line of Credit

The Food Bank entered into a line of credit with Old Second Bank on May 27, 2020. Per the agreement, the Food Bank has maximum available borrowings of \$2,000,000, with interest payable monthly at a rate of the SOFR rate plus 2.25 percent (an effective rate of 3.45% and 3.40% as of June 30, 2025 and 2024, respectively). The line of credit matures on May 27, 2026. As of June 30, 2025 and 2024, the Food Bank had not drawn on the line.

Note 9 - Leases

The Food Bank is obligated under operating leases primarily for warehouse and office space and equipment, expiring at various dates through March 2032. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 2.79 percent to 3.69 percent. The leases require the Food Bank to pay taxes, insurance, utilities, and maintenance costs. Total rent expense was \$592,845 and \$478,414 for the years ended June 30, 2025 and 2024, respectively.

In 2014, the Food Bank entered into a one-year lease for warehouse space at 765 Research Parkway in Rockford, Illinois (the "Northwest Suburban lease"), which has been amended once to extend the lease term through December 2024. The lease was not renewed upon expiration.

In 2017, the Food Bank entered into a lease agreement for warehouse space at 191 S. Larkin Avenue in Joliet, Illinois (the "South Suburban lease"). The term of the lease is from October 1, 2017 through December 31, 2027.

In 2022, the Food Bank entered into a lease agreement for warehouse space at 13950 West Business Center Drive in Green Oaks, Illinois (the "North Suburban lease"). The term of the lease is from February 1, 2022 through March 31, 2032.

In 2024, the Food Bank entered into a lease agreement for warehouse space at 1397 Sandy Hollow Road in Rockford, Illinois (the "new Northwest Suburban lease"). The term of the lease is from September 1, 2024 through August 31, 2034.

The Food Bank leases vehicles and copiers under long-term lease arrangements that are classified as finance leases. Under the terms of the lease agreements, payments ranging from \$2,505 to \$3,479 are due monthly through August 2029. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 2.79 percent to 3.69 percent. Total rent expense was \$34,357 and \$22,494 for the years ended June 30, 2025 and 2024, respectively.

Note 9 - Leases (Continued)

Expenses recognized under these leases for the years ended June 30, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Lease cost:		
Finance lease cost	\$ 93,308	\$ 68,251
Operating lease cost	442,957	298,982
Variable lease cost	<u>179,026</u>	<u>205,067</u>
Total lease cost	<u>\$ 715,291</u>	<u>\$ 572,300</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 108,109	\$ 65,270
Operating cash flows from operating leases	437,566	312,676
Financing cash flows from finance leases	129,124	60,257
Weighted-average remaining lease term (years) - Finance leases	3.31	2.08
Weighted-average remaining lease term (years) - Operating leases	7.8	7.06
Weighted-average discount rate - Finance leases	3.5 %	3.9 %
Weighted-average discount rate - Operating leases	3.3 %	2.9 %

The future minimum lease payments under operating and finance leases are as follows:

<u>Years Ending June 30</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total Payments</u>
2026	\$ 447,120	\$ 85,901	\$ 533,021
2027	458,594	40,390	498,984
2028	436,174	39,396	475,570
2029	414,104	43,336	457,440
2030	426,279	7,333	433,612
Thereafter	<u>1,303,378</u>	<u>-</u>	<u>1,303,378</u>
Total	3,485,649	216,356	3,702,005
Less amount representing interest	<u>442,609</u>	<u>20,672</u>	<u>463,281</u>
Total obligations under leases	<u>\$ 3,043,040</u>	<u>\$ 195,684</u>	<u>\$ 3,238,724</u>

Note 10 - Net Assets

Net assets as of June 30, 2025 and 2024 are with donor restrictions for the following purposes:

	<u>2025</u>	<u>2024</u>
Purpose restricted - Primarily programs	\$ 756,072	\$ 1,141,486
Purpose restricted - Use on building:		
Expiring in 2028	329,120	329,120
Expiring in 2030	250,000	250,000
Expiring in 2031	425,000	425,000
Expiring in 2032	<u>7,875</u>	<u>7,875</u>
Total purpose restricted - Use on building	1,011,995	1,011,995
Time and purpose restricted - Pledges receivable, primarily for programs	<u>1,182,835</u>	<u>2,021,970</u>
Total net assets with donor restrictions	<u>\$ 2,950,902</u>	<u>\$ 4,175,451</u>

The use restriction on building relates to forgivable mortgage notes totaling approximately \$1,012,000 as of June 30, 2025 and 2024. These mortgage notes, the remaining balance of which is recorded as net assets with donor restrictions, will be forgiven, as indicated in the table above, when each agreement ends as long as the Food Bank complies with the requirements of these notes, and management fully expects that it will. Net assets released from donor restrictions totaled \$4,511,954 and \$4,288,611 as of June 30, 2025 and 2024, respectively.

Note 11 - Board-designated Endowment

The Food Bank's endowment includes funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the absence of donor-imposed restrictions.

	<u>Endowment Net Asset Composition by Type of Fund as of June 30, 2025 Without Donor Restrictions</u>
Board-designated endowment funds	\$ 12,611,621
	<u>Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2025 Without Donor Restrictions</u>
Endowment net assets - Beginning of year	\$ 7,963,681
Investment return:	
Investment income	212,232
Realized gains	830,401
Unrealized gains	<u>80,330</u>
Total investment return	1,122,963
Other changes - Transfers to create board-designated endowment funds	<u>3,524,977</u>
Endowment net assets - End of year	<u>\$ 12,611,621</u>

June 30, 2025 and 2024

Note 11 - Board-designated Endowment (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2024
	<u>Without Donor Restrictions</u>
Board-designated endowment funds	\$ 7,963,681
	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024
	<u>Without Donor Restrictions</u>
Endowment net assets - Beginning of year	\$ 5,619,655
Investment return:	
Investment income	120,789
Realized losses	(54,278)
Unrealized gains	<u>901,580</u>
Total investment return	968,091
Other changes - Transfers to create board-designated endowment funds	<u>1,375,935</u>
Endowment net assets - End of year	<u>\$ 7,963,681</u>

Underwater Endowment Funds

As of June 30, 2025 and 2024, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Food Bank has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. The long-term investment objective for the endowment funds is to generate sufficient income to support its programs while preserving the related principal.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Food Bank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Food Bank targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Through the combination of investment strategy and payout policy, the Food Bank strives to provide a reasonable and consistent payout from endowment funds to support operations, while preserving the purchasing power of the endowment adjusted for inflation. The annual and long-term spending rate is subject to approval by the board of directors.

June 30, 2025 and 2024

Note 12 - Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statement of activities and changes in net assets consisted of the following for the years ended June 30:

	2025	2024
Food contributions	\$ 160,738,104	\$ 156,230,191
Goods contributions	112,324	223,042
Donated materials and services	120,390	31,144
Total	\$ 160,970,818	\$ 156,484,377

The Food Bank receives donated food and goods from local area merchants and the USDA.

During the year ended June 30, 2025, the Food Bank received and distributed approximately 77,251,000 and 75,124,000 pounds, respectively, of donated usable food. During the year ended June 30, 2024, the Food Bank received and distributed approximately 68,976,000 and 67,748,000 pounds, respectively, of donated usable food. As of June 30, 2025 and 2024, donated food inventory consisted of approximately 2,568,000 pounds at an average value of \$1.90 per pound and approximately 2,190,000 pounds at an average value of \$1.97 per pound, respectively. The fair value of donated food is determined by Feeding America in a study conducted annually and applied by pound.

Note 13 - Retirement Plan

The Food Bank sponsors a 401(k) plan for all eligible employees. The plan provides for the Food Bank to make matching contributions. Contributions to the plan totaled \$280,975 and \$300,304 for the years ended June 30, 2025 and 2024, respectively.

The Food Bank matches 100 percent of the first 2 percent contributed by an employee and also matches 50 percent of the next 5 percent of an employee's contribution, with a maximum matching contribution of 4.5 percent.

Note 14 - Related Party Transactions

The Food Bank paid \$1,007,563 and \$791,346 during the years ended June 30, 2025 and 2024, respectively, for food and supplies provided by firms for which board members are part of management. The Food Bank also paid \$128,400 and \$287,218 during the years ended June 30, 2025 and 2024, respectively, for consulting services from a firm of which a board member is a partner and paid \$8,826 during the year ended June 30, 2025 in relation to agency grants in which board members are part of management.

Note 15 - Liquidity and Availability of Resources

The following reflects the Food Bank's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available also include board-designated endowment funds that could be drawn upon with approval from the governing board.

	2025	2024
Cash and cash equivalents	\$ 5,047,323	\$ 7,433,653
Investments	35,795,661	32,368,880
Grants receivable	2,143,309	2,845,534
Accounts receivable	273,688	214,319
Contributions receivable - Net	1,164,811	2,088,504
Financial assets - At year end	44,424,792	44,950,890
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions - Restricted by donor with purpose restrictions	1,938,907	3,163,456
Board designations - Board-designated endowment funds	12,611,621	7,963,681
Financial assets available to meet cash needs for general expenditures within one year	\$ 29,874,264	\$ 33,823,753

As part of the Food Bank's liquidity management, policy is to structure financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Food Bank invests cash in excess of daily requirements in an investment account. The Food Bank has a goal to maintain financial assets, which consist of cash, investments, and receivables, on hand to meet, at a minimum, five months of normal operating expenses, which are, on average, approximately \$15,000,000 as of June 30, 2025.

The Food Bank also realizes there could be unanticipated liquidity needs and plans accordingly. To help manage unanticipated liquidity needs, the Food Bank has a line of credit in the amount of \$2,000,000 that it could draw upon.