

**CENTRAL PENNSYLVANIA FOOD BANK**

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AND INFORMATION ON FEDERAL AWARDS

YEARS ENDED JUNE 30, 2025 AND 2024  
AND  
INDEPENDENT AUDITOR'S REPORT

# CENTRAL PENNSYLVANIA FOOD BANK

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central Pennsylvania Food Bank

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Central Pennsylvania Food Bank (the "Food Bank"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, changes in net assets, 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 and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Food Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design,

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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 Banks's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary 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, 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 Schedule of Expenditures of Federal Awards 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 27, 2026, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
January 27, 2026



**LIABILITIES AND NET ASSETS**

	2025	2024
Current liabilities		
Accounts payable	\$ 408,862	\$ 946,331
Accrued payroll and taxes	552,375	823,738
County advances and grants	26,557	155,438
Accrued expenses	144,688	172,239
Refundable advances	81,531	98,354
Current portion of operating leases	272,798	487,601
Current portion of finance leases	590,317	278,468
Total current liabilities	2,077,128	2,962,169
Operating lease obligations	339,163	611,961
Finance lease obligations	2,137,715	510,164
Total liabilities	4,554,006	4,084,294
Net assets		
Net assets without donor restrictions		
Operating	16,094,788	17,553,413
Food and grocery product inventory	4,173,960	4,742,787
Board designated		
Reserve fund	10,856,395	9,749,730
Total net assets without donor restrictions	31,125,143	32,045,930
Net assets with donor restrictions	4,387,001	3,686,647
Total net assets	35,512,144	35,732,577
Total liabilities and net assets	\$ 40,066,150	\$ 39,816,871

**CENTRAL PENNSYLVANIA FOOD BANK**

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Food and grocery product contributions	\$ 114,781,610	\$ -	\$ 114,781,610	\$ 113,707,224	\$ -	\$ 113,707,224
Purchased product sales	10,671,199	-	10,671,199	10,656,884	-	10,656,884
Shared maintenance contributions	1,500,853	-	1,500,853	1,309,622	-	1,309,622
Contributions and gifts	9,749,403	2,791,206	12,540,609	11,854,442	3,692,112	15,546,554
Promises to give	672,262	302,955	975,217	1,512,241	163,231	1,675,472
Federal support, Kids' Café program	467,972	-	467,972	737,810	-	737,810
Federal support, Commodity Supplemental Food Program	701,912	-	701,912	504,554	-	504,554
Supplemental Nutrition Assistance Program	359,175	-	359,175	329,616	-	329,616
Commodity storage	331,935	-	331,935	456,605	-	456,605
Other	347,085	-	347,085	53,465	-	53,465
Net investment return	1,633,885	174,904	1,808,789	1,656,429	191,682	1,848,111
Appropriation of endowment assets for expenditure	88,453	(88,453)	-	60,000	(60,000)	-
Net assets released from restrictions	2,480,258	(2,480,258)	-	3,517,832	(3,517,832)	-
<b>Total support and revenue</b>	<b>143,786,002</b>	<b>700,354</b>	<b>144,486,356</b>	<b>146,356,724</b>	<b>469,193</b>	<b>146,825,917</b>
Expenses						
Program services						
Food and grocery product distributions	115,137,221	-	115,137,221	115,236,849	-	115,236,849
Purchase product distributions	11,304,844	-	11,304,844	12,874,063	-	12,874,063
Operations	8,331,799	-	8,331,799	8,520,946	-	8,520,946
Community programs	4,972,182	-	4,972,182	6,070,549	-	6,070,549
Management and general	1,956,791	-	1,956,791	1,807,005	-	1,807,005
Development (fundraising)	3,003,952	-	3,003,952	2,648,816	-	2,648,816
<b>Total expenses</b>	<b>144,706,789</b>	<b>-</b>	<b>144,706,789</b>	<b>147,158,228</b>	<b>-</b>	<b>147,158,228</b>
Changes in net assets	<u>\$ (920,787)</u>	<u>\$ 700,354</u>	<u>\$ (220,433)</u>	<u>\$ (801,504)</u>	<u>\$ 469,193</u>	<u>\$ (332,311)</u>

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

**CENTRAL PENNSYLVANIA FOOD BANK**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	Program Services					Total
	Food and Grocery Product Distributions	Operations	Community Programs	Management and General	Development (Fundraising)	
Food and grocery product distributions	\$ 115,137,221	\$ -	\$ -	\$ -	\$ -	\$ 115,137,221
Purchased product distributions	11,304,844	-	-	-	-	11,304,844
Salaries	-	3,482,020	2,664,715	1,197,000	1,052,556	8,396,291
Payroll taxes	-	297,263	196,742	86,410	76,712	657,127
Employee benefits	-	804,557	697,794	215,533	199,143	1,917,027
Staff development	-	13,994	28,749	8,781	4,282	55,806
Building occupancy and utilities	-	1,012,890	64,547	360	-	1,077,797
Printing and publications	-	1,009	12,581	-	787,014	800,604
Food purchases	-	-	609,723	-	-	609,723
Depreciation and amortization	-	904,615	172,256	26,355	42,496	1,145,722
Transportation	-	987,630	-	-	45	987,675
Professional fees and services	-	247,389	179,000	326,537	528,382	1,281,308
Office supplies/equipment	-	459,231	4,128	5,894	96,959	566,212
Meetings and events	-	3,091	7,164	9,360	4,598	24,213
Public relations and awards	-	7,100	72,486	475	198,139	278,200
Agency assistance	-	-	209,357	-	-	209,357
Miscellaneous	-	15,329	13,447	18,880	1,330	48,986
Travel	-	20,554	12,825	6,505	3,193	43,077
Dues	-	2,382	26,668	54,701	9,103	92,854
Interest	-	72,745	-	-	-	72,745
	\$ 126,442,065	\$ 8,331,799	\$ 4,972,182	\$ 1,956,791	\$ 3,003,952	\$ 144,706,789

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

**CENTRAL PENNSYLVANIA FOOD BANK**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services					Total
	Food and Grocery Product Distributions	Operations	Community Programs	Management and General	Development (Fundraising)	
Food and grocery product distributions	\$ 115,236,849	\$ -	\$ -	\$ -	\$ -	\$ 115,236,849
Purchased product distributions	12,874,063	-	-	-	-	12,874,063
Salaries	-	3,604,152	2,797,573	1,036,111	1,240,053	8,677,889
Payroll taxes	-	292,616	213,146	78,822	93,962	678,546
Employee benefits	-	828,710	697,693	216,895	242,383	1,985,681
Staff development	-	35,573	33,205	10,278	13,444	92,500
Building occupancy and utilities	-	965,502	66,617	1,233	-	1,033,352
Printing and publications	-	2,837	18,130	13	569,761	590,741
Food purchases	-	-	932,024	-	-	932,024
Depreciation and amortization	-	816,813	177,702	23,311	38,584	1,056,410
Transportation	-	1,243,675	-	46	300	1,244,021
Professional fees and services	-	149,591	329,233	316,898	269,074	1,064,796
Office supplies/equipment	-	470,233	19,533	12,747	108,266	610,779
Meetings and events	-	2,441	20,751	9,617	7,409	40,218
Public relations and awards	-	12,500	248,285	3,814	37,679	302,278
Agency assistance	-	-	435,798	-	-	435,798
Miscellaneous	-	11,144	17,134	22,952	3,386	54,616
Travel	-	27,698	34,036	13,526	9,810	85,070
Dues	-	2,163	29,689	60,742	14,705	107,299
Interest	-	55,298	-	-	-	55,298
	\$ 128,110,912	\$ 8,520,946	\$ 6,070,549	\$ 1,807,005	\$ 2,648,816	\$ 147,158,228

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

## CENTRAL PENNSYLVANIA FOOD BANK

### STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning	\$ 32,045,930	\$ 3,686,647	\$ 35,732,577
Changes in net assets	<u>(920,787)</u>	<u>700,354</u>	<u>(220,433)</u>
Net assets, ending	<u>\$ 31,125,143</u>	<u>\$ 4,387,001</u>	<u>\$ 35,512,144</u>

  

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning	\$ 32,847,434	\$ 3,217,454	\$ 36,064,888
Changes in net assets	<u>(801,504)</u>	<u>469,193</u>	<u>(332,311)</u>
Net assets, ending	<u>\$ 32,045,930</u>	<u>\$ 3,686,647</u>	<u>\$ 35,732,577</u>

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

# CENTRAL PENNSYLVANIA FOOD BANK

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Changes in net assets	\$ (220,433)	\$ (332,311)
Adjustments to reconcile changes in net assets to net cash and cash equivalents used in operating activities		
Depreciation	764,084	811,602
Loss on disposal of property and equipment	55,377	120,282
Net realized and unrealized gains on investments	(1,372,623)	(1,469,228)
Amortization of right-of-use assets	818,197	667,067
(Increase) decrease in assets		
Promises to give	60,901	(202,295)
Accounts receivable	(117,695)	295,517
Accounts receivable - LFPA and PASS	(235,372)	(403,529)
Grants, storage fees, and reimbursements receivable	360,099	(536,135)
Gift cards	99,716	(206,483)
Food and grocery product inventory	568,827	1,411,471
Prepaid expenses	(20,754)	81,074
Increase (decrease) in liabilities		
Accounts payable	(537,469)	497,484
Accrued payroll and taxes	(271,363)	2,273
County advances and grants	(128,881)	38,991
Accrued expenses	(27,551)	(440,310)
Refundable advances	(16,823)	17,628
Operating lease obligations	(487,601)	(454,823)
	<u>(709,364)</u>	<u>(101,725)</u>
Net cash and cash equivalents used in operating activities		
Cash flows from investing activities		
Net sales of investments	1,181,212	3,144,161
Proceeds from disposition of property and equipment	5,500	-
Purchase of property and equipment	(1,115,718)	(2,840,677)
	<u>70,994</u>	<u>303,484</u>
Net cash and cash equivalents provided by investing activities		
Cash flows used in financing activities		
Repayment of finance leases	(426,611)	(266,875)
	<u>(426,611)</u>	<u>(266,875)</u>
Net cash and cash equivalents used in financing activities		
Net decrease in cash and cash equivalents	(1,064,981)	(65,116)
Cash and cash equivalents, beginning	<u>2,749,677</u>	<u>2,814,793</u>
Cash and cash equivalents, ending	<u>\$ 1,684,696</u>	<u>\$ 2,749,677</u>
Supplementary cash flow information		
Interest paid	<u>\$ 72,745</u>	<u>\$ 54,570</u>

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

# CENTRAL PENNSYLVANIA FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF OPERATIONS

#### *Organization*

Central Pennsylvania Food Bank (the “Food Bank”) is a nonprofit Pennsylvania corporation that sources, warehouses, and distributes wholesome donated food for the benefit of individuals and families in need in 27 counties in Central Pennsylvania. The Food Bank operates a primary warehouse in Harrisburg, Pennsylvania and satellite warehouses in Williamsport and Hollidaysburg, Pennsylvania that distribute food in partnership with over 1,100 nonprofit member agencies that directly serve people in need. The Food Bank and its member agencies rely substantially on volunteer services to carry out their charitable activities.

The Food Bank receives donated food from growers, processors, wholesalers, retail grocers, food drives, and government programs. In recent years, consistent with national trends, increases in demand have outpaced the supply of donated food, resulting in the need for the Food Bank to supplement its distributions with purchased product.

In addition to accepting food donations, the Food Bank solicits monetary donations from individuals, businesses, and other organizations to help fund the costs of carrying out its charitable mission. Individuals in need do not pay any costs for the food provided by the Food Bank.

The Food Bank also advocates for policies that protect individuals and families from hunger. The Food Bank is committed to protecting the funding and structure of the federal nutrition programs by continually urging Congress to support programs such as the Supplemental Nutrition Assistance Program (SNAP), The Emergency Food Assistance Program (TEFAP), and the Commodity Supplemental Food Program (CSFP). Further, the Food Bank works closely with the Pennsylvania General Assembly to advocate for anti-hunger programs at the State level which include the State Food Purchase Program (SFPP).

In addition to advocating for federal and state nutrition programs, the Food Bank also administers several of these community programs including CSFP in 26 counties throughout Pennsylvania and TEFAP in 3 counties. The Food Bank also operates a SNAP Outreach program that provides assistance in applying for benefits and several youth programs aimed at providing nutritious meals and nutrition education to low-income children and families in need. These programs include the Kids Café, Backpack program, and the Summer Food Service Program (SFSP).

# CENTRAL PENNSYLVANIA FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

### ***The Bold Goal 2025***

The Food Bank's "Bold Goal" is: "By 2025, our collaborative network will provide access to enough nutritious food for everyone struggling with hunger in each of the 27 counties we serve, and we will convene and nurture partnerships to make progress toward ending hunger". The Food Bank established its related Bold Goal Strategic Plan in 2015 and refreshed its Plan twice; once in 2018 and again in 2022. The Food Bank wrapped up the Bold Goal Strategic Plan in June 2025 meeting or exceeding all key Plan milestones as of June 30, 2025.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

### ***Financial Statement Presentation***

The Food Bank's financial statement presentation includes the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. FASB ASC 958 requires the Food Bank to report information regarding its financial position and activities according to two classes of net assets that are based on the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors may, at its discretion, designate funds for specific purposes.

The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated reserve fund. See Note 8 for further details. Amounts have also been designated for funded depreciation.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

# CENTRAL PENNSYLVANIA FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, 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.

### ***Cash and Cash Equivalents***

For purposes of reporting, the Food Bank considers all short-term investments purchased with a maturity of three months or less to be cash equivalents.

### ***Investments***

The Food Bank carries investments in certificates of deposit, U.S. Treasury bills, mutual funds and exchange traded funds, and fixed income securities at their fair market value with gains and losses included in the statements of activities. Fair market value of the investments is determined using quoted market prices of a national securities exchange.

The Food Bank's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the statements of financial position could change materially in the near term.

### ***Promises to Give***

Promises to give are stated at their outstanding balance. Promises to give are recognized when the Food Bank is notified of the promises. The Food Bank considers promises to give to be fully collectible. If collection becomes doubtful, an allowance for uncollectible promises to give will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

# CENTRAL PENNSYLVANIA FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

### ***Accounts Receivable***

Accounts receivable is stated at outstanding balances. The Food Bank does not typically record an allowance for credit losses as it is the Food Bank's policy to grant funds to agency partners who are unable to raise sufficient funds to pay for needed food. Accounts deemed past due are recognized as grants to agency partners. Management's evaluation of receivables is based on the specific circumstances of the partners and the Food Bank's missions to ensure access to food for all in need. Accordingly, there was no allowance for credit losses as of June 30, 2025 and 2024.

### ***Food and Grocery Product Inventory***

Donated food and grocery product inventory are recorded at fair market value. Fair market value for donated inventory is determined using actual inventory weight, in pounds, multiplied by a calculated "per pound" value. The "per pound" value is calculated annually and is the composite wholesale value of a variety of products that is derived from published prices from a national food distributor. Specific valuation procedures are established by Feeding America, the nation's food bank network. The Food Bank's policy includes a detailed analysis of its donated food inventory based upon the categories established by Feeding America and each category's calculated value. USDA food and grocery product inventory is reported at fair market value utilizing the valuation procedures established by Feeding America similar to the method used to value donated inventory. Purchased food and grocery product inventories are stated at the lower of cost (first-in, first-out) or market. The inventory amounts included in the financial statements are many times higher than the amount the Food Bank may ultimately receive when the product is distributed to member agencies. The Food Bank does not "charge" for donated product; instead, member agencies reimburse the Food Bank for a portion of its operating costs. On average, during the fiscal years ended June 30, 2025 and 2024, member agencies reimbursed the Food Bank approximately \$0.04 and \$0.02, respectively, per pound for distributed donated product.

### ***Property and Equipment***

Property and equipment are recorded at cost for all items purchased, and fair market value at date of receipt for contributed property and equipment. Depreciation is provided on the straight-line method over the estimated useful lives. Construction period interest is included as part of the cost of the building. Construction in progress is not depreciated until completion of construction. The Food Bank's policy is to review all invoices in excess of \$10,000 to determine if they should be capitalized. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of activities.

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

#### ***Revenue Recognition***

##### *Exchange Transactions*

Revenue is recognized as an exchange transaction when the resource provider is receiving commensurate value from the Food Bank in exchange for the resources provided. This includes purchased product sales, and shared maintenance contributions. Revenue is recognized at the point in time in which the Food Bank has fulfilled its performance obligation concurrent upon distribution and delivery of the product to its member agencies. The Food Bank provides an invoice to its member agencies at the time possession is taken by the agency and payment is typically due in 30 days. If resources are provided in advance of the transfer of commensurate value, it is reflected as deferred revenue in the statements of financial position. In specific cases, returns are accepted, however, the Food Bank has not experienced any significant amounts of such returns. Economic factors affecting the nature, timing, and uncertainty of revenue and cash flows include the overall health of the economy and food availability.

Contract assets arising from such exchange transactions are comprised of accounts receivable of \$1,004,217 and \$886,522 as of June 30, 2025 and 2024, respectively.

As of July 1, 2023, contract assets were \$1,187,449.

##### *Contributions*

Revenue is considered a contribution to the Food Bank if commensurate value has not been exchanged.

Conditional gifts occur when a barrier has been established by the donor and the donor has a right to be released from the commitment to the Food Bank. Conditional gifts are not recognized as revenue until the barrier has been overcome and the donor's right of release has been satisfied. Conditional gifts that have been received are reported as refundable advances until the barrier has been overcome.

Unconditional gifts occur when no barrier to recognition exists or the gift does not include a donor release. These unconditional gifts may continue to carry restrictions on their purpose or application. As such, unconditional gifts may include promises to give and may be included in net assets with donor restrictions or net assets without donor restrictions.

All unconditional contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or that are restricted by the donor for specific purposes, are reported as net assets with donor restrictions unless the restriction expired in the same accounting period. Revenue with restrictions that are met in the same fiscal year is considered unrestricted revenues. When a temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

#### *Food and Grocery Product Contributions*

The Food Bank reports food and grocery product donations as unrestricted support when received.

#### *Government Grants and Contracts*

Revenue from government contracts, which are considered nonreciprocal transactions restricted for certain purposes without an exchange of commensurate value, is recognized as revenue when eligible qualifying expenditures are incurred and conditions under the agreements are met. Any amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Any disallowed costs due to oversight agency audits are recognized in the period the funds are repaid after the oversight agency has made its determination and issued a final corrective action plan requiring repayment of such costs. No amounts were repaid during the years ended June 30, 2025 and 2024.

#### *In-Kind Contributions*

The Food Bank reports gifts of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets 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 long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated in-kind contributions are recorded at fair value at the time of receipt. These contributions are recognized as both support and expenses in the statements of activities.

No in-kind contributions of long lived assets were received during the years ended June 30, 2025 and 2024.

#### *Contributed Services*

The Food Bank receives donated services on a continuing basis from a variety of volunteers who help the Food Bank fulfill its mission. The value of these services has not been reported in the financial statements, as such value is not easily susceptible to objective measurement.

#### *Leases*

The Food Bank leases warehouse space, equipment, and vehicles. The determination of whether an arrangement is or contains a lease is made at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease obligations on the statements of financial position. Finance leases are included in finance right-of-use assets and finance lease obligations on the statements of financial position.

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the risk-free rate used is based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Food Bank will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Food Bank has lease agreements with lease and non-lease components, which are generally accounted for separately. The lease and non-lease components of certain leases, such as warehouse space, are accounted for as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance and real estate taxes that are passed on from the lessor, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Food Bank has elected to apply the short-term lease exemption to all classes of underlying assets. There were no short-term lease costs recognized and disclosed in 2025 and 2024.

In evaluating contracts to determine if they qualify as a lease, the Food Bank considered factors such as if the Food Bank has obtained substantially all of the rights to the underlying asset through exclusivity, if the Food Bank can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Food Bank's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### ***Income Tax Status***

The Food Bank is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Internal Revenue Code. In addition, the Food Bank was organized under the Pennsylvania Nonprofit Corporation law and is exempt from state income taxes.

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

The Food Bank adheres to the provisions of ASC 740, *Income Taxes*. ASC 740 establishes rules for recognizing and measuring tax positions taken in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that companies evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. A company can recognize an income tax benefit only if the position has a “more likely than not” (i.e., more than 50 percent) chance of being sustained on the technical merits. For the years ended June 30, 2025 and 2024, the Food Bank has taken no material tax positions on its applicable tax filings that do not meet the more likely than not threshold. As a result, no amount for uncertain tax positions has been included in the financial statements.

The Food Bank’s federal exempt organization income tax returns are no longer subject to examination by the appropriate taxing authorities for years prior to 2022.

#### ***Reclassifications***

Certain amounts in the 2024 financial statements have been reclassified to conform to the presentation in the 2025 financial statements.

During 2025, management determined that amounts previously reported as board designated for funded depreciation were more accurately reported as operating net assets. As a result, \$8,927,590 was reclassified in the 2024 financial statements. This reclassification had no impact on the total net assets with or without donor restrictions of the Food Bank.

#### ***Subsequent Events***

Management evaluated subsequent events through January 27, 2026, the date the financial statements were available to be issued. See Note 18.

# CENTRAL PENNSYLVANIA FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets as of June 30, 2025 and 2024, available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,684,696	\$ 2,749,677
Short-term investments	25,748	117,378
Promises to give, current	472,150	533,051
Accounts receivable	1,004,217	886,522
Accounts receivable – LFPA and PASS	660,279	424,907
Grants, storage fees, and reimbursements receivable	976,971	1,337,070
Investments	15,264,211	14,981,170
Less: board designated reserve fund	(10,856,395)	(9,749,730)
Less: net assets with donor restrictions	(4,447,001)	(3,686,647)
Total	<u>\$ 4,784,876</u>	<u>\$ 7,593,398</u>

The Food Bank manages its liquidity and cash reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As part of the Food Bank's liquidity management plan, the Food Bank invests cash in excess of daily requirements in short-term investments and money market funds. The Food Bank forecasts its future cash flows and monitors its liquidity and cash balances on a monthly basis.

To help manage unanticipated liquidity needs, the Food Bank has available a line of credit in the amount of \$2,000,000, which it could draw upon as further disclosed in Note 7.

### 4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under ASC 820, *Fair Value Measurements and Disclosures*, are described as follows:

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Food Bank has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

*Short-term investments:* Valued at cost, which approximates fair value, due to the short-term nature of these instruments.

*Mutual funds and exchange traded funds (ETFs):* Valued at the daily closing price as reported by the fund. These investments are open-end investments that are registered with the Securities and Exchange Commission. These investments are required to publish their daily net asset value (NAV) and to transact at that price. These investments are deemed to be actively traded.

*Common stocks:* Valued at the closing price reported in the active market on which the individual securities are traded.

*Fixed income securities:* Valued on the basis of market valuations primarily furnished by an independent pricing service that employs various evaluation methods. Such market valuations may represent one of the following: (i) the last quoted price on the securities' major trading exchange, (ii) quotes received from dealers or market makers in the relevant securities, or (iii) matrix pricing.

**CENTRAL PENNSYLVANIA FOOD BANK**

NOTES TO FINANCIAL STATEMENTS

The following table sets forth by level, within the fair value hierarchy, the Food Bank's investments at fair value as of June 30, 2025 and 2024:

<u>Reported at Fair Value</u>	June 30, 2025			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Short-term investments				
Certificates of deposit	\$ 25,748	\$ -	\$ -	\$ 25,748
Total short-term investments	25,748	-	-	25,748
Long-term investments				
Mutual funds	6,452,245	-	-	6,452,245
ETFs	8,065,300	-	-	8,065,300
Common stocks	746,666	-	-	746,666
Total long-term investments	15,264,211	-	-	15,264,211
Total investments	\$ 15,289,959	\$ -	\$ -	\$ 15,289,959
<u>Reported at Fair Value</u>	June 30, 2024			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Short-term investments				
Certificates of deposit	\$ 117,378	\$ -	\$ -	\$ 117,378
Total short-term investments	117,378	-	-	117,378
Long-term investments				
Mutual funds	8,808,883	-	-	8,808,883
ETFs	6,145,766	-	-	6,145,766
Total mutual funds and ETFS	14,954,649	-	-	14,954,649
Fixed income securities				
U.S. Government and agencies	-	26,521	-	26,521
Total long-term investments	14,954,649	26,521	-	14,981,170
Total investments	\$ 15,072,027	\$ 26,521	\$ -	\$ 15,098,548

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

Net investment return for 2025 and 2024 was comprised of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 502,650	\$ 448,411
Net realized gain on sale of investments	2,353,761	89,702
Net unrealized gain (loss) on investments	(981,138)	1,379,526
Investment fees	<u>(66,484)</u>	<u>(69,528)</u>
Total	<u>\$ 1,808,789</u>	<u>\$ 1,848,111</u>

#### 5. PROMISES TO GIVE

Promises to give consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Restricted for Child Hunger programs	\$ 130,000	\$ -
Other restricted promises to give	100,000	-
Unconditional promises to give	<u>242,150</u>	<u>533,051</u>
Total promises to give	<u>\$ 472,150</u>	<u>\$ 533,051</u>

The due dates of promises to give, assuming no change in current terms, consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Receivables in less than one year	<u>\$ 472,150</u>	<u>\$ 533,051</u>
Total	<u>\$ 472,150</u>	<u>\$ 533,051</u>

# CENTRAL PENNSYLVANIA FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

### 6. PROPERTY AND EQUIPMENT

Major classifications of property and equipment and their respective depreciable lives consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>	<u>Depreciable Lives</u>
Land	\$ 462,259	\$ 462,259	
Building and building improvements	15,753,977	14,518,319	15 – 40 years
Office furniture and equipment	707,779	706,893	3 – 10 years
Warehouse equipment	1,402,942	1,416,170	5 – 10 years
Vehicles	657,451	1,024,040	5 – 7 years
Construction in progress	-	118,468	
	<u>18,984,408</u>	<u>18,246,149</u>	
Accumulated depreciation	<u>(7,656,028)</u>	<u>(7,208,526)</u>	
	<u><u>\$ 1,328,380</u></u>	<u><u>\$11,037,623</u></u>	

Depreciation expense amounted to \$764,084 and \$811,602 for the years ended June 30, 2025 and 2024, respectively.

### 7. BANK LINE OF CREDIT

The Food Bank has an unsecured working capital line of credit arrangement with M&T Bank at the bank's prime rate (7.50% and 8.50% as of June 30, 2025 and 2024). Under this arrangement, the Food Bank may borrow up to \$2,000,000. Interest is payable monthly, and principal is due upon demand. The outstanding balance on the line of credit is zero at June 30, 2025 and 2024.

### 8. ENDOWMENT AND RESERVE FUNDS

The Food Bank has a Board-Designated Reserve Fund and a Donor-Restricted Endowment Fund for which the income can be used for general operations. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

#### *Interpretation of Relevant Law*

The Board of Directors has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Food Bank classifies as assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) enhancements or diminishments of the fund after amounts deemed income under Pennsylvania law.

The following schedule represents the changes in reserve fund and endowment net assets for the year ended:

	June 30, 2025		
	Board- Designated Reserve Fund	Donor- Restricted Endowment Fund	Total
Endowment net assets, beginning of year	\$ 9,749,730	\$ 1,557,647	\$ 11,307,377
Investment return			
Investment income	282,170	45,386	327,556
Realized gain	1,839,641	277,007	2,116,648
Unrealized loss	(456,063)	(147,489)	(603,552)
Total investment income	1,665,748	174,904	1,840,652
Appropriation of endowment assets for expenditure	(559,083)	(88,453)	(647,536)
Endowment net assets, end of year	\$ 10,856,395	\$ 1,644,098	\$ 12,500,493

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

	June 30, 2024		
	Board- Designated Reserve Fund	Donor- Restricted Endowment Fund	Total
Endowment net assets, beginning of year	\$ 8,902,594	\$ 1,425,965	\$ 10,328,559
Investment return			
Investment income	199,702	32,072	231,774
Realized gain	31,954	6,202	38,156
Unrealized gain	990,480	153,408	1,143,888
Total investment income	1,222,136	191,682	1,413,818
Appropriation of endowment assets for expenditure	(375,000)	(60,000)	(435,000)
Endowment net assets, end of year	\$ 9,749,730	\$ 1,557,647	\$ 11,307,377

#### ***Return Objectives and Risk Parameters***

The Board of Directors established an Investment Committee that has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments. The Board of Directors has subsequently assigned this responsibility to the Finance Committee. The primary asset management objective is to achieve a long-term total return commensurate with prudent risk sufficient to provide a stable rate of inflation-adjusted return while preserving the inflation-adjusted real value of the principal of the fund. The return for this purpose means a return derived from both capital appreciation or earnings and distributions with respect to capital, or both.

#### ***Strategies Employed for Achieving Objectives***

The Finance Committee has established an allocation range of sector and security diversification. The Committee may engage one or more recognized investment managers to advise the Committee on the asset allocation of the fund. The Committee shall periodically review the performance of the investment manager(s) and the asset allocations with the expectation of superior performance over time. The Committee will meet as appropriate to review economic outlook; current investment performance, investment strategy and asset allocation; pending plans for purchase and sale of securities; and the reasons for changes in the portfolio since its last meeting.

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

#### ***Reserve Fund and Endowment Spending Policies and How the Investment Objectives Relate to the Spending Policies***

The spending rate from the reserve fund and the endowment shall be no less than two percent (2%), nor more than seven percent (7%), of the three-year average of the fiscal year-end market values of the fund assets. The Committee will review the actual spending policies annually. General appropriations of \$647,536 and \$435,000 were paid during the years ended June 30, 2025 and 2024.

#### **9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Promises to give - purpose-restricted	\$ 230,000	\$ 213,231
Feeding America retail agency capacity building	-	383,827
Contributions and gifts - other	2,512,903	1,531,942
Donor-restricted endowment fund	<u>1,644,098</u>	<u>1,557,647</u>
	<u>\$ 4,387,001</u>	<u>\$ 3,686,647</u>

Net assets with donor restrictions were released for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Promises to give	\$ 286,186	\$ 199,004
Feeding America retail agency capacity building	383,827	246,211
Contributions and gifts - other	1,810,245	3,072,617
Appropriation of endowment assets for expenditure	<u>88,453</u>	<u>60,000</u>
	<u>\$ 2,568,711</u>	<u>\$ 3,577,832</u>

#### **10. ECONOMIC DEPENDENCY**

The Food Bank is a certified member of Feeding America. One of the primary benefits of this membership is the availability of contributions of food from national companies, which are solicited by Feeding America. Should the Food Bank no longer be affiliated with Feeding America, its access to food contributions would be diminished and the effect on operations and the financial statements would be material.

# CENTRAL PENNSYLVANIA FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

Locally and regionally, the Food Bank is dependent on food donations from a variety of sources. Most of these sources are located in Central Pennsylvania; however, donors do exist in other states. Donors include farmers, food processors, food retailers, wholesalers, individuals, and government agencies. The Food Bank solicits and maintains ongoing relationships with donors and attempts to obtain sufficient and suitable donations to meet the nutritional needs of the hungry. If food donations decrease significantly, the Food Bank's ability to continue current distribution levels would be impaired. Likewise, the corresponding effects on the financial statements would be significant.

The Food Bank receives a portion of its revenues (directly and indirectly) from governmental sources and, accordingly, is subject to governmental legislative process and change. During the years ended June 30, 2025 and 2024, the Food Bank received \$16,654,921 and \$21,952,574 in grant awards under federal programs. The Food Bank also receives substantial revenues from Member Agencies that are funded through Pennsylvania's State Food Purchase Program (SFPP), which is administered by the Pennsylvania Department of Agriculture and contracted through Pennsylvania's 67 counties. Management estimates that between \$3.8 million and \$3.9 million of its revenue during the years ended June 30, 2025 and 2024, was dependent on SFPP funding.

### 11. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The statements of functional expenses present the natural classification detail of expenses by function.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes	Percentage of salaries
Employee benefits	Percentage of salaries
Building occupancy and utilities	Direct allocation
Depreciation and amortization	Square footage and direct allocation
Transportation	Direct allocation
Professional fees and services	Direct allocation

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

#### 12. LEASES

The Food Bank currently holds an operating lease with the County of Dauphin, Pennsylvania to rent facilities to operate a food pantry. The lease, which commenced on January 1, 2009, is for a period of twenty-five years ending on December 31, 2033. The lease agreement contains provisions for an annual rent payment which is subject to future rent increases as defined in the lease agreement.

The Food Bank entered into another lease agreement to rent facilities for storing and shipping products. The lease was for a one-year period ending on December 31, 2021. During 2021, the lease period was extended to December 31, 2022. During 2022, the lease period was extended, again, to December 31, 2025. The lease agreement contains provisions for an annual rent payment which is subject to future rent increases as defined in the lease agreement.

The Food Bank has finance lease agreements for various vehicles and office furniture and equipment; payable in monthly installments ranging from \$984 to \$2,671, including interest from 1.23% to 10.26%. Agreements mature in 2026 through 2031.

As of June 30, 2025 and 2024, assets recorded under operating leases were \$1,798,074 and accumulated amortization associated with operating leases was \$1,267,893 and \$831,332, respectively.

As of June 30, 2025, assets recorded under finance leases were \$3,799,443 and accumulated depreciation associated with finance leases was \$1,055,229. As of June 30, 2024, assets recorded under finance leases were \$2,479,047 and accumulated depreciation associated with finance leases was \$1,719,208.

The components of lease expense were as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Amortization of ROU assets	\$ 381,636	\$ 244,808
Interest on lease obligations	<u>64,555</u>	<u>54,570</u>
Finance lease cost	446,191	299,378
Operating lease cost	<u>462,192</u>	<u>462,192</u>
Total lease cost	<u>\$ 908,383</u>	<u>\$ 761,570</u>

**CENTRAL PENNSYLVANIA FOOD BANK**

NOTES TO FINANCIAL STATEMENTS

Other information related to leases was as follows as of and for the years ending June 30:

	2025	2024
ROU assets obtained in exchange for lease obligations:		
Finance leases	\$ 2,366,011	\$ 309,246
Weighted average remaining lease term		
Finance leases	5.12 years	3.71 years
Operating leases	5.42 years	4.49 years
Weighted average discount rate		
Finance leases	3.82%	3.80%
Operating leases	3.08%	3.06%

Future minimum rental payments under non-cancelable leases consist of the following for the five years ending June 30 and thereafter:

	Finance Leases	Operating Leases
2026	\$ 609,924	\$ 285,301
2027	539,794	48,315
2028	475,758	49,036
2029	450,372	49,767
2030	431,307	50,518
Thereafter	271,640	182,753
Total future minimum lease payments	2,778,795	665,690
Less present value discount	(50,763)	(53,729)
Net present value of minimum lease obligations	\$ 2,728,032	\$ 611,961

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

#### 13. RELATED PARTY TRANSACTIONS

The Chief Executive Officer of the Food Bank serves as a Board Member of another not-for-profit organization that provides grant funding to the Food Bank. Additionally, the Chief Executive Officer and several staff members are involved with organizations that receive food and contributions from the Food Bank in the ordinary course of its mission. The Food Bank receives grant funding from the organization for 100% of the cost of two nutrition educators, hired as Food Bank staff. The Food Bank also pays certain operating expenses on behalf of the organization, which are 100% reimbursable to the Food Bank. Amounts due from this organization for services amounted to \$135,540 and \$116,595 during the years ended June 30, 2025, and 2024.

In 2023, this organization awarded the Food Bank \$2,585,000 of federal funding for its cold storage expansion. Amounts received from this organization for the cold storage expansion totaled \$478,341 and \$1,655,726 during the years ended June 30, 2025, and 2024.

There was \$42,043 and \$40,779 of outstanding receivables due to the Food Bank for reimbursable expenses as of June 30, 2025 and 2024.

The Pennsylvania Association of Regional Food Banks dba Hunger-Free Pennsylvania (“Hunger-Free PA”) is the sub distributing agency designated by PDA to act on its behalf in entering into agreements with eligible recipient agencies under which commodities are made available through the Commodity Supplemental Food Program (“CSFP”). Hunger-Free PA has entered into an agreement with the Food Bank to act as the local lead agency for Central Pennsylvania. As local lead agency, the Food Bank administers the CSFP at the local level and receives administrative funds for doing so. The Chief Executive Officer of the Food Bank is a volunteer member of the Board of Directors and the Executive Committee of Hunger-Free PA. For the years ended June 30, 2025 and 2024, the Food Bank received \$641,109 and \$504,554 in administrative funds from Hunger-Free PA.

Several Board members are involved with organizations that donate food and make contributions to the Food Bank. The Food Bank’s bylaws establish policy for handling potential conflicts of interest.

#### 14. CONCENTRATIONS OF CREDIT AND MARKET RISK

Financial instruments which subject the Food Bank to concentrations of credit risk consist primarily of cash and cash equivalents and short-term investments (such as certificates of deposit).

The Food Bank typically maintains cash and cash equivalents in local banks, which, at times exceed the amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Food Bank has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risk on its cash accounts. Common stocks, mutual funds, and fixed income funds are uninsured.

## CENTRAL PENNSYLVANIA FOOD BANK

### NOTES TO FINANCIAL STATEMENTS

#### **15. RETIREMENT PLAN**

The Food Bank has a 401(k) plan to provide retirement and incidental benefits for its employees. Employees may contribute 0% to 50% of their annual compensation to the plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Food Bank matches 50% of employee pre-tax contributions, up to a maximum of 5% of employee compensation deferral. Matching contributions are 100% vested upon completion of three years of service. In addition, the plan provides for discretionary employer contributions determined by the Board of Directors. Such contributions to the plan are allocated among eligible participants in proportion to their salaries. Retirement plan expenses amounted to \$120,534 and \$326,377 for the years ended June 30, 2025 and 2024, respectively.

#### **16. COMMITMENTS AND CONTINGENCIES**

Effective January 1, 2025, the Food Bank became self-insured for losses and liabilities related to dental insurance claims. The Food Bank covers dental claims up to a maximum of \$2,750 per individual. The Food Bank is funding its cost of reported claims and expenses on a monthly basis. As a result, no liability has been recognized for claims incurred but not reported as of June 30, 2025.

#### **17. VETERANS' TRUST FUND**

In 2024, the Food Bank received a grant of \$40,000, awarded by the Pennsylvania Department of Military and Veterans Affairs for the purpose of providing healthy and nutritious food to military families in need through its Military Share program. This amount is included in contributions and gifts in the statement of activities for the year ended June 30, 2024.

# CENTRAL PENNSYLVANIA FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

The Food Bank did not receive a grant for the year ended June 30, 2025.

The funds were utilized by the Food Bank for the following expenses which are included in Community Programs in the statement of functional expenses for the year ended June 30, 2024:

	<u>2024</u>
Salaries	\$ 5,000
Building occupancy and utilities	5,000
Transportation	5,000
Food supplies	<u>25,000</u>
	<u>\$ 40,000</u>

### 18. SUBSEQUENT EVENTS

In January 2026, the Food Bank terminated the line of credit with M&T Bank and entered into a new line of credit arrangement with PNC Bank. Under this arrangement, the Food Bank may borrow up to \$3,000,000.

**SUPPLEMENTARY INFORMATION**

**CENTRAL PENNSYLVANIA FOOD BANK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal AL Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Food Distribution Cluster				
Passed through the Commonwealth of Pennsylvania				
Department of Agriculture Bureau of Food Distribution				
Commodity Supplemental Food Program	10.565	8-06-22-090	\$ -	\$ 701,912
The Emergency Food Assistance Program (Administrative Costs)	10.568	251PA825Y810 5	-	199,668
The Emergency Food Assistance Program (Food Commodities)	10.569	8-06-22-090	<u>14,515,698</u>	<u>14,515,698</u>
Total Food Distribution Cluster			<u>14,515,698</u>	<u>15,417,278</u>
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	10.187	FA-FNPV-24-C-0013	-	132,267
Passed through the Pennsylvania Department of Education				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	300-22-185-5	-	191,171
Total Child Nutrition Cluster			<u>-</u>	<u>191,171</u>
Child and Adult Care Food Program	10.558	300-22-185-5	<u>-</u>	<u>276,801</u>
Total Child and Adult Care Food Program			<u>-</u>	<u>276,801</u>
Passed through the Pennsylvania Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	23-6003113	<u>-</u>	<u>159,063</u>
Total SNAP Cluster			<u>-</u>	<u>159,063</u>
Total U.S. Department of Agriculture			14,515,698	16,176,580
U.S. Department of Treasury				
Passed through Feeding Pennsylvania				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	<u>-</u>	<u>478,341</u>
Total U.S. Department of Treasury			<u>-</u>	<u>478,341</u>
Total expenditures of federal awards			<u>\$ 14,515,698</u>	<u>\$ 16,654,921</u>

# CENTRAL PENNSYLVANIA FOOD BANK

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

### **NOTES:**

#### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Central Pennsylvania Food Bank (the "Food Bank") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Food Bank.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **3. INDIRECT COST RATE**

The Food Bank has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

#### **4. FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.

#### **5. COMMODITY RECEIVED**

Central Pennsylvania Food Bank received \$14,329,551 of USDA commodities (AL #10.569) during the year ended June 30, 2025. The remaining \$186,147 was donated food and grocery product inventory at June 30, 2024.

**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***

*Independent Auditor's Report*

Board of Directors  
Central Pennsylvania Food Bank

We have audited 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, the financial statements of Central Pennsylvania Food Bank (the "Food Bank"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 27, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Food Bank's internal control over financial reporting (internal control) as a basis for designing 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 Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Food Bank's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Food Bank'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
January 27, 2026

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

Board of Directors  
Central Pennsylvania Food Bank

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Central Pennsylvania Food Bank's (the "Food Bank") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Food Bank's major federal programs for the year ended June 30, 2025. The Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Food Bank complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Food Bank 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 Food Bank'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 Food Bank'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 Food Bank'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 GAAS, *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 Food Bank's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Food Bank'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 Food Bank'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 Food Bank's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
January 27, 2026

**CENTRAL PENNSYLVANIA FOOD BANK**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

None.

**CENTRAL PENNSYLVANIA FOOD BANK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2025**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiencies identified?

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiencies identified?

Yes  None reported

Type of auditor’s report issued on compliance for major federal programs?

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

Yes  No

Identification of major programs:

AL Number

Name of Federal Program or Cluster

10.565 Commodity Supplemental Food Program (Food Distribution Cluster)

10.568 The Emergency Assistance Food Program (Food Distribution Cluster)

10.569 The Emergency Assistance Food Program (Food Distribution Cluster)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters reported

**SECTION III –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters reported



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