

**RHODE ISLAND COMMUNITY FOOD BANK
ASSOCIATION**

Financial Statements

Years Ended June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rhode Island Community Food Bank Association:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Rhode Island Community Food Bank Association (a not-for-profit organization) (the Food Bank), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the 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, 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 for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Kahn, Litwin, Kenya & Co., Ltd.

November 18, 2024

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023



	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 4,298,050	\$ 3,850,706
Accounts and grants receivable	472,937	1,016,115
Food inventory	920,929	852,916
Prepaid expenses and other assets	172,925	239,016
Total current assets	5,864,841	5,958,753
Right-of-Use Assets - Operating Leases	40,000	50,529
Cash, restricted by donor for capital improvements	63,984	112,161
Property and Equipment, net	5,836,751	5,737,346
Investments	11,718,442	11,325,924
Beneficial interest in assets held by others	15,000	-
Other assets	17,166	21,458
Total Assets	\$ 23,556,184	\$ 23,206,171
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 123,599	\$ 512,942
Accrued expenses	441,141	419,279
Current portion of operating leases payable	10,543	10,625
Total current liabilities	575,283	942,846
Operating leases payable, less current portion	29,457	39,904
Total liabilities	604,740	982,750
Net Assets:		
Without donor restrictions:		
Available for operations	4,529,198	4,487,455
Board designated for contingency reserve	4,218,639	4,756,888
Board designated for long-term investment	7,499,803	6,569,036
Invested in property and equipment	5,836,751	5,737,346
Total net assets without donor restrictions	22,084,391	21,550,725
With donor restrictions	867,053	672,696
Total net assets	22,951,444	22,223,421
Total Liabilities and Net Assets	\$ 23,556,184	\$ 23,206,171

See accompanying notes to the financial statements and independent auditors' report.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2024 and 2023



	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Contributions	\$ 10,313,356	\$ 1,404,532	\$ 11,717,888	\$ 10,575,182	\$ 1,555,241	\$ 12,130,423
Contributed non-financial assets:						
Food donations	-	15,678,114	15,678,114	-	13,449,179	13,449,179
Other goods and services	66,175	-	66,175	43,475	-	43,475
Grants and contracts	3,611,076	-	3,611,076	1,369,806	-	1,369,806
Cooperative buying program, net	206,711	-	206,711	182,682	-	182,682
Special events, net of expenses of \$39,244 and \$49,998, respectively	307,159	-	307,159	194,207	-	194,207
Donated stock	257,087	-	257,087	250,357	-	250,357
Investment return, net	1,584,177	-	1,584,177	1,016,229	-	1,016,229
Other income	201,159	-	201,159	226,233	-	226,233
Net assets released from restrictions:						
Satisfaction of program restrictions	16,567,580	(16,567,580)	-	15,450,190	(15,450,190)	-
Satisfaction of capital expenditure restrictions	320,709	(320,709)	-	165,025	(165,025)	-
Total revenue and support	33,435,189	194,357	33,629,546	29,473,386	(610,795)	28,862,591
Expenses:						
Program services	29,307,313	-	29,307,313	27,636,408	-	27,636,408
Management and general	1,543,091	-	1,543,091	1,341,422	-	1,341,422
Fundraising and development	2,051,119	-	2,051,119	2,033,628	-	2,033,628
Total expenses	32,901,523	-	32,901,523	31,011,458	-	31,011,458
Change in Net Assets	533,666	194,357	728,023	(1,538,072)	(610,795)	(2,148,867)
Net Assets, beginning of year	21,550,725	672,696	22,223,421	23,088,797	1,283,491	24,372,288
Net Assets, end of year	\$ 22,084,391	\$ 867,053	\$ 22,951,444	\$ 21,550,725	\$ 672,696	\$ 22,223,421

See accompanying notes to the financial statements and independent auditors' report.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024



	Program Services			Total Program Services	Management and General	Fundraising and Development	Total
	Food Distribution	Nutrition Education	Kids Café				
Salaries and related expenses:							
Salaries and wages	\$ 2,500,709	\$ 197,256	\$ 237,353	\$ 2,935,318	\$ 792,623	\$ 919,648	\$ 4,647,589
Employee benefits	426,018	33,605	40,436	500,059	135,031	156,670	791,760
Payroll taxes	205,384	16,201	19,494	241,079	65,098	75,531	381,708
Total salaries and related expenses	3,132,111	247,062	297,283	3,676,456	992,752	1,151,849	5,821,057
Advertising and promotion	1,666	-	-	1,666	30,676	52,565	84,907
Assistance to others	371,289	-	-	371,289	-	-	371,289
Conferences, staff training, and meals	16,872	295	489	17,656	30,713	2,113	50,482
Depreciation	378,747	4,456	17,823	401,026	22,280	22,279	445,585
Direct mail	-	-	-	-	-	515,338	515,338
Dues and subscriptions	33,707	-	477	34,184	15,616	14,138	63,938
Food - acquisition	8,080,931	8,810	182,095	8,271,836	-	-	8,271,836
Food - donated food distributed	15,460,123	-	-	15,460,123	-	-	15,460,123
Information technology expenses	92,244	10,716	10,716	113,676	49,608	99,769	263,053
Insurance	51,203	602	2,410	54,215	12,719	3,012	69,946
Occupancy expenses	311,639	3,643	14,570	329,852	29,614	18,214	377,680
Office expenses	57,530	5,374	5,209	68,113	123,907	65,718	257,738
Other expenses	701	-	-	701	9,297	-	9,998
Professional fees	101,770	1,500	-	103,270	160,101	77,821	341,192
Supplies	121,266	8,293	27,164	156,723	-	15,017	171,740
Temporary personnel	65,337	-	-	65,337	57,180	-	122,517
Transportation	140,678	-	-	140,678	-	-	140,678
Trash removal	21,216	283	3,960	25,459	1,414	1,414	28,287
Travel	11,282	3,565	206	15,053	7,214	11,872	34,139
Total expenses	\$ 28,450,312	\$ 294,599	\$ 562,402	\$ 29,307,313	\$ 1,543,091	\$ 2,051,119	\$ 32,901,523

See accompanying notes to the financial statements and independent auditors' report.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023



	<u>Program Services</u>			<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
	<u>Food Distribution</u>	<u>Nutrition Education</u>	<u>Kids Café</u>				
Salaries and related expenses:							
Salaries and wages	\$ 2,491,971	\$ 129,384	\$ 191,198	\$ 2,812,553	\$ 730,072	\$ 887,108	\$ 4,429,733
Employee benefits	392,698	20,389	30,129	443,216	115,050	139,797	698,063
Payroll taxes	203,078	10,544	15,581	229,203	59,496	72,293	360,992
Total salaries and related expenses	3,087,747	160,317	236,908	3,484,972	904,618	1,099,198	5,488,788
Advertising and promotion	1,860	-	-	1,860	30,468	47,602	79,930
Assistance to others	1,161,801	-	-	1,161,801	-	-	1,161,801
Conferences, staff training, and meals	16,226	1,219	229	17,674	21,967	7,436	47,077
Depreciation	368,244	4,332	17,329	389,905	21,662	21,661	433,228
Direct mail	-	-	-	-	-	555,831	555,831
Dues and subscriptions	30,503	-	331	30,834	14,247	15,476	60,557
Food - acquisition	7,548,733	7,356	136,909	7,692,998	-	-	7,692,998
Food - donated food distributed	13,943,450	-	-	13,943,450	-	-	13,943,450
Information technology expenses	73,924	5,585	6,982	86,491	44,318	95,341	226,150
Insurance	42,955	505	2,021	45,481	12,062	2,527	60,070
Occupancy expenses	200,688	2,341	9,366	212,395	11,706	11,706	235,807
Office expenses	58,426	4,632	3,880	66,938	118,820	74,906	260,664
Other expenses	10,677	-	-	10,677	4,540	48	15,265
Professional fees	118,338	-	-	118,338	138,566	85,319	342,223
Supplies	100,144	5,344	23,754	129,242	-	12,875	142,117
Temporary personnel	80,397	-	-	80,397	14,736	-	95,133
Transportation	123,565	-	-	123,565	-	-	123,565
Trash removal	21,156	282	3,949	25,387	1,410	1,410	28,207
Travel	12,040	1,867	96	14,003	2,302	2,292	18,597
Total expenses	\$ 27,000,874	\$ 193,780	\$ 441,754	\$ 27,636,408	\$ 1,341,422	\$ 2,033,628	\$ 31,011,458

See accompanying notes to the financial statements and independent auditors' report.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023



	2024	2023
Cash Flows from Operating Activities:		
Cash received from:		
Contributions	\$ 11,647,746	\$ 12,166,032
Grants and contracts	3,790,931	1,157,840
Cooperative buying program	213,637	177,059
Interest and dividends	440,004	356,041
Special events	346,403	244,205
Other income	204,733	245,391
Total receipts	16,643,454	14,346,568
Cash paid for:		
Salaries and related expenses	(5,959,954)	(5,444,326)
Food expenditures	(8,290,823)	(7,962,701)
Occupancy expenses	(386,053)	(235,807)
Assistance to others	(371,289)	(1,161,801)
Direct mail	(515,338)	(555,831)
Professional fees	(341,192)	(342,223)
Special events expenses	(39,244)	(49,998)
Other expense	(910,115)	(669,593)
Total expenditures	(16,814,008)	(16,422,280)
Net cash used by operating activities	(170,554)	(2,075,712)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(469,467)	(429,901)
Proceeds from sale of investments	5,035,719	6,279,728
Purchase of investments	(4,284,064)	(6,509,897)
Net cash provided (used) by investing activities	282,188	(660,070)
Cash Flows from Financing Activities:		
Contributions restricted to capital expenditures	272,533	136,968
Contributions restricted to endowment fund	15,000	-
Net cash provided by financing activities	287,533	136,968
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	399,167	(2,598,814)
Cash, Cash Equivalents and Restricted Cash, beginning of year	3,962,867	6,561,681
Cash, Cash Equivalents and Restricted Cash, end of year	\$ 4,362,034	\$ 3,962,867
Reconciliation to Statements of Financial Position:		
Cash and cash equivalents	\$ 4,298,050	\$ 3,850,706
Cash, restricted by donor for capital improvements	63,984	112,161
Cash, Cash Equivalents and Restricted Cash, end of year	\$ 4,362,034	\$ 3,962,867

See note 15 for supplemental cash flow information.

See accompanying notes to the financial statements and independent auditors' report.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

1. Nature of Operations

The Rhode Island Community Food Bank Association (the Food Bank) is a not-for-profit entity organized under the general laws of the State of Rhode Island. The Food Bank's mission is to improve the quality of life for all Rhode Islanders by advancing solutions to the problem of hunger. The Food Bank is a member of Feeding America, a national network of food banks and food rescue organizations. The Food Bank acquires and distributes donated and purchased food to member agencies; primarily food pantries, soup kitchens, and shelters. These agencies provide food to individuals in need of food assistance.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Food Bank is presented to assist the reader in understanding the Food Bank's financial statements. The financial statements and notes are representations of the Food Bank's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Food Bank prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board has designated certain net assets as a contingency reserve, which consists of funds set aside to protect the programs of the Food Bank in the event of economic downturn, unforeseen expenditures, or catastrophic events which might prevent or inhibit the Food Bank from accomplishing its mission.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying statements of activities.

Cash and Cash Equivalents

The Food Bank considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

Accounts and Grants Receivable

The Food Bank carries its accounts and grants receivable at net realizable value. On a periodic basis, the Food Bank evaluates its accounts and grants receivable and establishes an allowance for credit losses, based on historical experience, current conditions and reasonable and supportable forecasts.

The Food Bank does not accrue interest on accounts and grants receivable. A receivable is considered past due if payment has not been received within stated terms. The Food Bank will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for credit losses. As of June 30, 2024 and 2023, the Food Bank had no allowance for credit losses.

Food Inventory

Food inventory includes restricted inventory for the Commodity Supplemental Food Program (CSFP) and The Emergency Food Assistance Program (TEFAP). The Food Bank values CSFP and TEFAP food based on the value per unit provided by the United States Department of Agriculture.

The Food Bank supplements its donated food supply by purchasing nutritious food items not normally donated to the Food Bank. Purchases made using the Food Bank's unrestricted restricted grant funds are distributed free of charge. Non-food items such as health and beauty and household supplies are sold at the Food Bank's cost.

Purchased food inventory on hand at year-end is recorded in the accompanying statements of financial position at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. Donated food inventory on hand at year-end is recorded in the accompanying statements of financial position at fair value using per-pound values established by Feeding America, the national food bank network. The Food Bank values inventory using an average cost for each category of donated inventory, as opposed to one average for all categories combined.

Leases

The Food Bank leases office equipment and copiers. The Food Bank determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities, and operating lease liabilities on the accompanying statements of financial position.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

ROU assets represent the Food Bank’s right to use an underlying asset for the lease term and lease liabilities represent the Food Bank’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. If a lease does not provide an implicit rate, the Food Bank uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Food Bank’s lease terms include options to extend or terminate the lease when it is reasonably certain 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’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Food Bank has elected to apply the short-term lease exemption to certain leases that are short-term in nature. The short-term lease cost for those leases in 2023 was \$7,477.

Property and Equipment

All expenditures for property and equipment in excess of \$3,000 are capitalized at cost; except for donated property and equipment, which is capitalized at its fair value in excess of \$5,000 at the date of the donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from 3 to 40 years.

Investments, Beneficial Interest in Assets Held by Others and Fair Value Measurements

The Food Bank reports its investments and beneficial interest in assets held by others at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by authoritative guidance, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Food Bank has the ability to access.

Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, 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.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Food Bank's data.

The Food Bank reports its investments at fair value on a recurring basis. These investments are classified as level 1 and 3 within the fair value hierarchy.

Level 1 investments owned by the Food Bank and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Level 3 investment values are provided by the trustee, who develops their valuations using third-party monthly or quarterly investment statements. Due to the structure of these investments, as well as the Food Bank's inability to control the affiliated organization's investing activities or withdraw funds at its discretion, the funds held in these investments are considered to have unobservable market inputs.

Realized and unrealized gains and losses are included in investment return in the statements of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions unless gains and losses on investments are restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Interest and dividends on investments are reported as part of investment return. Dividends are recorded on the ex-dividend date and interest is recorded on the accrual basis of accounting. Purchases and sales of securities are recorded on the trade date. In determining the gains (losses) realized on the sales of securities, the cost of securities sold is determined on a specific identification basis.

Support and Revenue Recognition

Contributions - The Food Bank records contribution revenue in the fiscal year in which the contribution is made or unconditionally promised. Contributions of food are recorded at the approximate average wholesale value of one pound of donated product at the national level as outlined in the Product Valuation Survey Methodology prepared by an international CPA firm dated December 31, 2023 and 2022 prepared for Feeding America for use by member organization. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions are recorded either as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. If the contribution is made in assets other than cash, the amount of the contribution is measured at the fair value of the asset contributed at the date the contribution or unconditional promise to give is made by the donor.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

Gifts of long-lived assets such as land, buildings, or equipment are reported as without donor restrictions 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 with donor restrictions.

Contributed Non-financial Assets

Food Donations - Contributions of donated non-cash assets are recorded at their fair values in the period received. Approximately one third of the food distributed by the Food Bank is donated. Donated food is recorded as contribution revenue at fair value using per-pound values established by Feeding America, the national food bank network as discussed in the food inventory policy footnote.

Other goods and services - Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Grant and Contract Revenue – Grant and contract revenue is recognized at the point in time program expenditures are incurred or services are provided within program guidelines.

Cooperative Buying Program – Revenue consists of sales to member agencies, at the cost of non-food purchases, which is recognized when products are delivered to member agencies.

Special Events – Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Food Bank recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Food Bank recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Donated Stock – Contributions of donated stock are recorded at fair value on the date received. The Food Bank sells donated stock immediately after it is received; any difference between the fair value on the date of receipt and the date of sale is included in investment return in the accompanying statements of activities.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

Income Taxes

The Food Bank is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Food Bank operates in a manner consistent with its tax-exempt status at both the state and federal level.

The Food Bank annually files IRS Form 990, *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities generally for a period of three years after they were filed. The Food Bank currently has no tax examinations in progress.

Advertising Costs

Advertising costs are expensed as incurred.

Allocation of Expenses

The Food Bank's operating costs have been allocated between program services, management and general, and fundraising and development expenses based on direct identification when possible, and allocation if an expenditure benefits more than one program or function. Personnel and related costs are allocated based on time and effort. Occupancy costs are allocated based on square footage of the building. All other indirect expenses are allocated by personnel.

Fundraising and development reported on the accompanying statements of activities consists of fundraising expenses.

Estimates and Assumptions

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation.

Subsequent Events

Management has evaluated subsequent events through November 18, 2024, which is the date these financial statements were available to be issued.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

3. Program Service Accomplishments (Unaudited)

During the year ended June 30, 2024, an unprecedented number of Rhode Islanders sought food assistance through Food Bank member agencies. High food prices and housing costs left nearly one in three Rhode Island households unable to afford adequate food. Demand for food assistance reached a new high of 82,000 people served on average per month. This is the largest number of people ever served by the Food Bank, even during the pandemic and the Great Recession. During the year ended June 30, 2024, the Food Bank worked to address the increased need in the community.

The Food Bank increased its distribution this year to make sure that there was enough food in the network to provide some assistance to all those in need. Leftover pandemic-era surplus funds and a one-time ARPA fund distribution of \$3,000,000 through the State of Rhode Island resulted in the Food Bank allocating \$8,000,000 for food acquisition. Total distributions during the year ended June 30, 2024 was 18,300,000 pounds of food.

The Food Bank also continued to focus on equitable food access by stocking fresh produce and culturally relevant food products. Distribution included 4,100,000 pounds of fresh produce and 3,300,000 pounds of culturally relevant food products.

Kids Café - Kids Café serves evening meals to children at risk of hunger at four after-school sites: East Providence Boys and Girls Club, the Pawtucket YMCA, the Pawtucket Boys and Girls Club and the Segue Institute for Learning in Central Falls. During the year ended June 30, 2024, Kids Café staff provided a total of 81,607 meals to an average of 352 children daily.

Healthy Habits: Eating Well on a Budget - Healthy Habits is a nutrition education program that provides a combination of relevant, science-based community nutrition and culinary education to guests of our member agencies. Program offerings include four-to-six-week classes, one-time workshops, and demonstrations of healthy recipes and healthy eating habits. During the year ended June 30, 2024, 182 participants attended 15 four-to-six-week classes; 769 participants attended fifty-eight one-time workshops; 2,495 participants attended 77 recipe and nutrition demonstrations, and 75 member agency staff/volunteers attended ten member agency trainings.

Meals4Kids Box Program - Meals4Kids boxes contain five breakfasts, lunches and snacks and are distributed to families with children through our member agency network. Boxes also include information about important programs for low-income families. During the year ended June 30, 2024, the Food Bank distributed 27,327 Meals4Kids boxes.

To-Go Bags for Unhoused Populations - The Food Bank distributed Grab-and-Go string backpacks that include shelf-stable, calorie-dense meals and snacks for distribution to unhoused populations seeking assistance at food pantries or meal sites. Each bag contains seven light meals and sixteen snacks, in addition to water and milk. During the year ended June 30, 2024, the Food Bank distributed 5,000 backpacks.

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Commodity Supplemental Food Program - The Commodity Supplemental Food Program is a federal program that provides a box of the United States Department of Agriculture commodities to low-income seniors each month. During the year ended June 30, 2024, the Food Bank distributed monthly boxes to 2,034 seniors at food pantries and senior housing facilities.

Spice Boxes - During the year ended June 30, 2024, the Food Bank distributed 14,987 spice boxes, which contain an assortment of twelve spices that enable pantry guests to add flavor and cultural relevancy to meals they create from the foods available to them at the Food Bank’s member agencies.

Volunteers - The Food Bank offers volunteer shifts to corporate groups who help pack Meals4Kids Boxes, Commodity Supplemental Food Program boxes, To-Go string backpacks, and Spice Boxes. During the year ended June 30, 2024, 1,483 volunteers provided 4,282 hours.

4. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprised of the following at June 30, 2024 and 2023:

	2024	2023
Current financial assets:		
Cash and cash equivalents	\$ 4,298,050	\$ 3,850,706
Accounts and grants receivable	472,937	1,016,115
Current financial assets, end of year	4,770,987	4,866,821
Less financial assets unavailable for general expenditure:		
Subject to expenditure for specific purpose	227,225	205,150
Subject to expenditure based on time	15,000	27,500
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,528,762	\$ 4,634,171

As part of the Food Bank’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in money market accounts, which are included in cash and cash equivalents on the accompanying statements of financial position. In addition, the Board, at its discretion, could expend the board designated funds for long-term investments of \$7,499,803 and the board designated funds for contingency reserve of \$4,218,639 in the event of an emergency.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023



5. Investments and Beneficial Interest in Assets Held by Others

Investments are presented in the financial statements at their aggregate fair value and consisted of the following at June 30, 2024:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 690,754	\$ -	\$ 690,754
Equity securities:			
Consumer discretionary	73,398	-	73,398
Consumer staples	10,234	-	10,234
Energy	46,160	-	46,160
Financial	114,868	-	114,868
Healthcare	125,194	-	125,194
Industrial	89,429	-	89,429
Information technology	228,656	-	228,656
Materials	29,165	-	29,165
Real estate	6,673	-	6,673
Telecommunications	84,344	-	84,344
Utilities	23,840	-	23,840
Total equity securities	<u>831,961</u>	<u>-</u>	<u>831,961</u>
Mutual funds:			
Domestic fixed income	397,893	-	397,893
International fixed income	92,727	-	92,727
Domestic equity	4,652,339	-	4,652,339
International equity	1,250,561	-	1,250,561
Total mutual funds	<u>6,393,520</u>	<u>-</u>	<u>6,393,520</u>
Corporate bonds	1,242,768	-	1,242,768
U.S. government agency obligations	2,559,439	-	2,559,439
Beneficial interest in assets held by others	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Total	<u>\$11,718,442</u>	<u>\$ 15,000</u>	<u>\$11,733,442</u>

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
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Investments are presented in the financial statements at their aggregate fair value and consisted of the following at June 30, 2023:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,333,115	\$ -	\$ 1,333,115
Equity securities:			
Consumer discretionary	102,056	-	102,056
Consumer staples	79,104	-	79,104
Energy	91,646	-	91,646
Financial	214,385	-	214,385
Healthcare	204,240	-	204,240
Industrial	127,340	-	127,340
Information technology	353,794	-	353,794
Materials	35,716	-	35,716
Real estate	-	-	-
Telecommunications	131,518	-	131,518
Utilities	36,311	-	36,311
Total equity securities	<u>1,376,110</u>	<u>-</u>	<u>1,376,110</u>
Mutual funds:			
Domestic fixed income	567,019	-	567,019
International fixed income	210,725	-	210,725
Domestic equity	4,127,615	-	4,127,615
International equity	1,331,535	-	1,331,535
Total mutual funds	<u>6,236,894</u>	<u>-</u>	<u>6,236,894</u>
Corporate bonds	1,194,999	-	1,194,999
U.S. government agency obligations	<u>1,184,806</u>	<u>-</u>	<u>1,184,806</u>
Total	<u>\$11,325,924</u>	<u>\$ -</u>	<u>\$11,325,924</u>

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
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A reconciliation of investments measured at fair value using significant unobservable inputs (level 3) for the year ended June 30, 2024 is as follows:

Beginning balance	\$	-
Contributions		15,000
Change in fair value		-
		-
Ending balance	\$	15,000

Beneficial Interest in Assets Held by Others

In May 2024, the Food Bank transferred \$15,000 to the Rhode Island Foundation (an unrelated community foundation) to establish the Rhode Island Community Food Bank Endowment Fund (the Fund). The Food Bank signed an agreement establishing the Funds at the Foundation and agreed that the Food Bank would receive annual distributions determined by the Foundation’s spending policy in effect at the time of distribution. At June 30, 2024, the spending rate was 5.5% (including support fee) of the Funds’ balance, averaged over the previous 16 quarters (or over the total number of quarters in existence, if less than 16). The annual distribution for the year ended June 30, 2024 was reinvested in the Fund .

The composition of investment return on all investments is as follows:

	2024	2023
Interest and dividend income	\$ 490,552	\$ 399,298
Net gain on investments	1,144,173	663,645
Fees	(50,548)	(46,714)
Investment return, net	\$ 1,584,177	\$ 1,016,229

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6. Right-of-Use Assets and Leases Payable

The Food Bank has operating leases for office equipment and copiers expiring at various dates through June 2028. The related cost of the ROU assets and accumulated amortization at June 30, 2024 and 2023 were as follows:

	2024	2023
Right-of-use assets – operating leases:		
Office equipment	\$ 26,255	\$ 26,255
Copiers	27,865	27,865
	54,120	54,120
Less accumulated amortization	14,120	3,591
	\$ 40,000	\$ 50,529

The components of lease cost for the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Operating lease cost	\$ 13,200	\$ 4,880
Short-term lease cost	-	7,477
	\$ 13,200	\$ 12,357

Other information related to leases for the years ended June 30, 2024 and 2023 was as follows:

	2024	2023
Supplemental Cash Flows Information:		
Operating cash flows from operating leases	\$ 13,200	\$ 4,880
ROU assets obtained in exchange for operating lease obligations	-	54,120
Weighted Average Remaining Lease Term	3.6 years	4.6 years
Weighted Average Discount Rate	4.19%	4.19%

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
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Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows:

<u>Year Ending</u>	
June 30, 2025	\$ 11,998
June 30, 2026	11,998
June 30, 2027	11,998
June 30, 2028	<u>7,117</u>
Total future minimum lease payments	43,111
Less imputed interest	3,111
Less current portion	<u>10,543</u>
 Leases payable, less current portion	 <u><u>\$ 29,457</u></u>

7. Property and Equipment

Property and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 308,000	\$ 308,000
Building	2,492,000	2,492,000
Building improvements	6,309,075	5,912,246
Motor vehicles	831,083	831,083
Equipment	1,356,539	1,335,282
Furniture and fixtures	<u>464,083</u>	<u>395,344</u>
	11,760,780	11,273,955
Less accumulated depreciation	<u>5,924,029</u>	<u>5,536,609</u>
 Property and equipment, net	 <u><u>\$ 5,836,751</u></u>	 <u><u>\$ 5,737,346</u></u>

During the year ended June 30, 2024, the Food Bank disposed of property and equipment with a net book value of \$506 for no proceeds, resulting in a loss on disposal which is included in other income on the accompanying 2024 statement of activities.

During the year ended June 30, 2023, the Food Bank disposed of fully depreciated property and equipment with an original cost of \$34,333.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
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8. Line of Credit

On December 15, 2022, the Food Bank entered into a secured investment credit line note (the Line) with a financial institution providing for borrowings up to \$4,000,000. Interest was payable on the Line at a rate of the 30-Day Secured Overnight Financing Rate (SOFR) (5.09% at June 30, 2023) plus 1.15%, payable monthly. The Line was secured by the Securities Account, as defined in the agreement. No amount was outstanding under the Line at June 30, 2023 and the Line was terminated in July 2023.

On October 24, 2024, the Food Bank entered into a secured investment credit line note with a financial institution providing for borrowing up to \$4,000,000. Interest is payable on the Line at a rate of the 30-Day Secured Overnight Financing Rate (SOFR) plus 1.10%, payable monthly. The line of credit is secured by the Securities Account, as defined in the agreement.

9. Net Assets With Donor Restrictions

A summary of net assets with donor restrictions is as follows:

	2024	2023
Net Assets With Donor Restrictions:		
Capital improvements	\$ 63,984	\$ 112,161
Food acquisition	12,000	27,000
Food inventory	545,844	327,855
Healthy Kid Boxes	67,325	45,000
Hunger study	-	33,380
Kids Café	85,000	40,000
Other miscellaneous	62,900	59,800
Restricted due to time	15,000	27,500
Beneficial interest in assets held by others	15,000	-
Total net assets with donor restrictions	\$ 867,053	\$ 672,696

10. Contributed Non-Financial Assets

The Food Bank actively solicits and receives support from the community and local businesses in the form of contributed goods and services related to its efforts in responding to local needs, fundraising and administrative functions.

Note 15 discusses noncash transactions of donated food inventory. Donated food inventory received by the Food Bank is recorded as food donations revenue with a corresponding increase to food inventory.

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Contributed non-financial assets for the years ended June 30, 2024 and 2023 represents the fair value of donated vehicles, which are immediately sold. Fair value is determined based on the proceeds received from the sale, which are used to support the general operations of the Food Bank's food distribution program.

In addition, a substantial number of volunteers have made significant contributions of their time to assist in providing quality program services to the Food Bank; such contributed services consisted primarily of food sorting and food box packing. These services are not reported as support and expenses in the statement of activities since such services either do not require specialized skills or would not typically be purchased if not provided by donation.

11. Rental Income

In August 2019, the Food Bank entered into an operating lease agreement with an unrelated third party to lease certain long-term parking spaces. The agreement was set to expire in July 2024 and was amended in 2024 to include an annual renewal option extending the agreement to July 2025. The agreement provides for monthly rental income payments of \$15,000 and the amendment provides for monthly rental income payments of \$19,750. For each of the years ended June 30, 2024 and 2023, the Food Bank received \$180,000 in rental income, which is included in other income on the accompanying statements of activities.

The approximate minimum future rental income under this lease agreement is as follows:

<u>Year Ending</u>	
June 30, 2025	\$ 232,250
June 30, 2026	<u>19,750</u>
Total	<u><u>\$ 252,000</u></u>

12. Retirement Plans

The Food Bank provides a 401(k) plan. Under the plan, employees become eligible upon employment, with the employer match beginning the first quarter after the employee completes three months of service. Discretionary employer contributions determined by the Board can be made to the plan for all employees with at least three months of service and at least 1,000 hours of service during the year of eligibility. No discretionary employer contribution was made during the years ended June 30, 2024 and 2023. Retirement plan expense relating to the 401(k) plan for the years ended June 30, 2024 and 2023 was approximately \$179,700 and \$118,700, respectively.

The Food Bank also provided a 403(b) employee contribution plan that was entirely funded by employee contributions. During 2024, the plan was terminated.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION
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13. Membership Dues

The Food Bank is a member of Feeding America, the nation's largest domestic hunger relief organization. As a member, the Food Bank is required to distribute all of the food donations received during the fiscal year to other tax-exempt organizations. Membership dues charged by Feeding America consist of two components: the first component is a flat rate charged to all member food banks; the second component is an incremental fee calculated using the Food Bank's goal factor. The goal factor is determined by comparing the poverty population rate in the member Food Bank's service area to the total poverty rate in the United States. For the years ended June 30, 2024 and 2023, the Food Bank paid membership dues of approximately \$13,000 and \$9,000, respectively.

14. Concentrations of Risk

Financial instruments that potentially subject the Food Bank to concentrations of credit risk consist principally of cash and cash equivalents, accounts and grants receivable and investments.

The Food Bank maintains its cash balances in three financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the Food Bank's cash balances may exceed this limit. Cash balances in excess of \$250,000 are generally uninsured.

At June 30, 2024, 76% of the accounts and grants receivable balance was due from four donors. At June 30, 2023, 70% of the accounts and grants receivable balance was due from three donors. At year end, management believes the credit risk associated with its accounts receivable is minimal and that no allowance is necessary.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements.

15. Supplemental Disclosure of Cash Flow Information

During the years ended June 30, 2024 and 2023, the Food Bank received approximately \$15,678,000 and \$13,449,000, respectively, of donated food. Donated food distributions for the years ended June 30, 2024 and 2023 totaled approximately \$15,460,000 and \$13,943,000, respectively.