



Financial Statements

for

INTER-FAITH FOOD SHUTTLE

Years Ended June 30, 2025 and 2024
with Independent Auditor's Report

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Independent Auditor's Report

Board of Directors
Inter-Faith Food Shuttle
Raleigh, North Carolina

Opinion

We have audited the financial statements of Inter-Faith Food Shuttle (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Dean Dotson Allen Ford, PLLC
Raleigh, North Carolina
September 24, 2025

INTER-FAITH FOOD SHUTTLE
Statements of Financial Position
June 30, 2025 and 2024

Assets	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 820,389	\$ 907,835
Investments	3,700,593	4,569,487
Accounts receivable	291,584	232,703
Inventory-in-kind	154,290	218,644
Prepaid expenses	402,958	372,280
Security deposit	<u>9,465</u>	<u>9,465</u>
Total current assets	5,379,279	6,310,414
Property and equipment:		
Leasehold improvements	580,179	580,179
Vehicles and equipment	<u>2,247,344</u>	<u>1,981,380</u>
	2,827,523	2,561,559
Less accumulated depreciation	<u>(1,580,901)</u>	<u>(1,435,221)</u>
Property and equipment, net	1,246,622	1,126,338
Other assets:		
Right-of-use assets operating, net	1,615,163	1,529,914
Right-of-use assets financing, net	<u>147,600</u>	<u>-</u>
Total other assets	<u>1,762,763</u>	<u>1,529,914</u>
Total assets	\$ <u>8,388,664</u>	\$ <u>8,966,666</u>

INTER-FAITH FOOD SHUTTLE
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 245,754	\$ 340,136
Paid time off accrual	52,308	46,757
Deferred revenue	19,750	34,850
Lease obligations - operating	<u>404,429</u>	<u>365,764</u>
Total current liabilities	722,241	787,507
Noncurrent liabilities:		
Lease obligations - operating	<u>1,269,534</u>	<u>1,218,848</u>
Total liabilities	1,991,775	2,006,355
Net assets:		
Without donor restrictions	6,195,623	6,082,352
With donor restrictions	<u>201,266</u>	<u>877,959</u>
Total net assets	<u>6,396,889</u>	<u>6,960,311</u>
Total liabilities and net assets	<u>\$ 8,388,664</u>	<u>\$ 8,966,666</u>

See accompanying notes.

INTER-FAITH FOOD SHUTTLE

Statement of Activities
Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Food donations in-kind	\$ 20,555,285	\$ -	\$ 20,555,285
Grants	2,224,550	65,954	2,290,504
Donations:			
Businesses	1,687,414	-	1,687,414
Individuals	1,863,395	-	1,863,395
Churches	65,495	-	65,495
Civic groups	149,288	-	149,288
Foundations	595,632	-	595,632
In-kind donations	5,229	-	5,229
Fees for services	1,832,681	-	1,832,681
Gain on sale of property and equipment	3	-	3
Net realized and unrealized gain on investments	159,318	-	159,318
Interest and dividend income	132,848	-	132,848
Net assets released from restriction	<u>742,647</u>	<u>(742,647)</u>	<u>-</u>
Total revenues, gains, and other support	30,013,785	(676,693)	29,337,092
Expenses:			
Program services:			
Food distribution in-kind	20,619,640	-	20,619,640
Other food distribution	<u>3,715,415</u>	<u>-</u>	<u>3,715,415</u>
Total food distribution	24,335,055	-	24,335,055
Job training/food service	1,092,904	-	1,092,904
Nutrition/farm and garden	<u>2,656,840</u>	<u>-</u>	<u>2,656,840</u>
Total program services	28,084,799	-	28,084,799
Supporting services:			
Fundraising	834,563	-	834,563
Administrative	<u>981,152</u>	<u>-</u>	<u>981,152</u>
Total supporting services	<u>1,815,715</u>	<u>-</u>	<u>1,815,715</u>
Total expenses	<u>29,900,514</u>	<u>-</u>	<u>29,900,514</u>
Change in net assets	113,271	(676,693)	(563,422)
Net assets, beginning of year	<u>6,082,352</u>	<u>877,959</u>	<u>6,960,311</u>
Net assets, end of year	<u>\$ 6,195,623</u>	<u>\$ 201,266</u>	<u>\$ 6,396,889</u>

See accompanying notes.

INTER-FAITH FOOD SHUTTLE

Statement of Activities
Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Food donations in-kind	\$ 27,194,184	\$ -	\$ 27,194,184
Grants	1,631,210	485,059	2,116,269
Donations:			
Businesses	965,951	-	965,951
Individuals	1,881,680	-	1,881,680
Churches	84,121	-	84,121
Civic groups	93,507	-	93,507
Foundations	422,170	-	422,170
In-kind donations	32,310	-	32,310
Fees for services	1,254,059	-	1,254,059
Gain on sale of property and equipment	500	-	500
Net realized and unrealized gain on investments	194,847	-	194,847
Interest and dividend income	140,378	-	140,378
Net assets released from restriction	<u>731,896</u>	<u>(731,896)</u>	<u>-</u>
Total revenues, gains, and other support	34,626,813	(246,837)	34,379,976
Expenses:			
Program services:			
Food distribution in-kind	27,415,163	-	27,415,163
Other food distribution	<u>3,614,651</u>	<u>-</u>	<u>3,614,651</u>
Total food distribution	31,029,814	-	31,029,814
Job training/food service	1,029,133	-	1,029,133
Nutrition/farm and garden	<u>2,682,795</u>	<u>-</u>	<u>2,682,795</u>
Total program services	34,741,742	-	34,741,742
Supporting services:			
Fundraising	758,783	-	758,783
Administrative	<u>883,934</u>	<u>-</u>	<u>883,934</u>
Total supporting services	<u>1,642,717</u>	<u>-</u>	<u>1,642,717</u>
Total expenses	<u>36,384,459</u>	<u>-</u>	<u>36,384,459</u>
Change in net assets	(1,757,646)	(246,837)	(2,004,483)
Net assets, beginning of year	<u>7,839,998</u>	<u>1,124,796</u>	<u>8,964,794</u>
Net assets, end of year	<u>\$ 6,082,352</u>	<u>\$ 877,959</u>	<u>\$ 6,960,311</u>

See accompanying notes.

INTER-FAITH FOOD SHUTTLE
Statement of Functional Expenses
Year ended June 30, 2025

	Program Services				Supporting Services			
	Food Distribution	Job Training/ Food Service	Nutrition/Farm and Garden	Total Program Services	Fundraising	Administrative	Total Supporting Services	Total
Food distribution in-kind	\$ 20,619,640	\$ -	\$ -	\$ 20,619,640	\$ -	\$ -	\$ -	\$ 20,619,640
Salaries	686,453	479,837	1,091,583	2,257,873	399,271	643,890	1,043,161	3,301,034
Food	1,472,142	266,412	725,064	2,463,618	5,276	372	5,648	2,469,266
Awards and grants	697,139	127	129,179	826,445	-	-	-	826,445
Depreciation	242,487	28,448	112,482	383,417	-	7,639	7,639	391,056
Facility costs	60,431	48,582	130,389	239,402	71,323	42,689	114,012	353,414
Employee benefits	75,879	53,446	124,426	253,751	21,468	57,566	79,034	332,785
Payroll taxes	50,127	35,286	80,713	166,126	30,070	47,713	77,783	243,909
Fundraising	703	138	525	1,366	188,273	71	188,344	189,710
Vehicle maintenance	182,115	770	5,688	188,573	-	199	199	188,772
Insurance	53,148	6,904	21,398	81,450	-	36,268	36,268	117,718
Technology	13,902	13,521	22,358	49,781	28,417	27,985	56,402	106,183
Vehicle gasoline	74,465	6,196	18,793	99,454	-	-	-	99,454
Training	932	86,752	3,264	90,948	383	266	649	91,597
Warehouse supplies	25,827	560	57,831	84,218	712	1,848	2,560	86,778
Maintenance	30,877	5,291	26,132	62,300	2,436	12,420	14,856	77,156
Subcontractors	2,486	-	8,826	11,312	63,582	-	63,582	74,894
Food service supplies	167	53,086	1,398	54,651	276	88	364	55,015
Farm expense	-	-	43,496	43,496	-	-	-	43,496
Travel/staff development	9,377	527	3,400	13,304	8,070	12,655	20,725	34,029
Professional fees	-	-	1,660	1,660	-	31,535	31,535	33,195
Bank charges	-	-	42	42	250	27,995	28,245	28,287
Utilities	352	30	25,937	26,319	-	-	-	26,319
Advertising	17,155	470	35	17,660	2,429	270	2,699	20,359
Postage and freight	11,889	992	1,209	14,090	3,805	1,581	5,386	19,476
Dues and subscriptions	65	1,671	-	1,736	106	17,462	17,568	19,304
Office supplies	893	513	4,105	5,511	412	7,189	7,601	13,112
Printing/copying	153	36	4,301	4,490	6,481	88	6,569	11,059
Miscellaneous	268	55	9,257	9,580	504	107	611	10,191
Business gifts/recognition	1,365	637	3,349	5,351	816	2,870	3,686	9,037
Uniforms/laundry	3,623	2,617	-	6,240	-	186	186	6,426
Licenses and taxes	995	-	-	995	203	87	290	1,285
Interest and penalties	-	-	-	-	-	113	113	113
Total functional expenses	\$ 24,335,055	\$ 1,092,904	\$ 2,656,840	\$ 28,084,799	\$ 834,563	\$ 981,152	\$ 1,815,715	\$ 29,900,514

See accompanying notes.

INTER-FAITH FOOD SHUTTLE
Statement of Functional Expenses
Year ended June 30, 2024

	Program Services				Supporting Services			
	Food Distribution	Job Training/ Food Service	Nutrition/Farm and Garden	Total Program Services	Fundraising	Administrative	Total Supporting Services	Total
Food distribution in-kind	\$ 27,415,163	\$ -	\$ -	\$ 27,415,163	\$ -	\$ -	\$ -	\$ 27,415,163
Salaries	720,449	399,703	1,140,073	2,260,225	331,626	563,731	895,357	3,155,582
Food	1,553,473	318,777	730,792	2,603,042	-	95	95	2,603,137
Awards and grants	474,763	-	90,244	565,007	102	-	102	565,109
Depreciation	134,450	31,034	122,708	288,192	-	7,884	7,884	296,076
Facility costs	69,406	47,261	143,482	260,149	25,239	39,238	64,477	324,626
Employee benefits	67,912	41,643	104,096	213,651	13,341	45,510	58,851	272,502
Payroll taxes	53,433	29,499	84,862	167,794	25,208	41,435	66,643	234,437
Fundraising	20,915	931	1,543	23,389	119,657	64	119,721	143,110
Vehicle maintenance	222,171	2,295	7,821	232,287	-	-	-	232,287
Insurance	46,592	6,891	18,017	71,500	-	26,569	26,569	98,069
Technology	13,057	3,532	22,279	38,868	41,774	30,747	72,521	111,389
Vehicle gasoline	82,582	3,813	20,885	107,280	-	-	-	107,280
Training	1,491	36,921	3,727	42,139	838	140	978	43,117
Warehouse supplies	36,746	755	48,793	86,294	-	873	873	87,167
Maintenance	29,517	29,418	23,423	82,358	2,115	14,537	16,652	99,010
Subcontractors	23,430	5,995	7,587	37,012	32,040	3,000	35,040	72,052
Food service supplies	512	59,239	1,327	61,078	71	263	334	61,412
Farm expense	6,720	-	50,070	56,790	-	-	-	56,790
Travel/staff development	16,866	2,411	14,252	33,529	3,532	12,295	15,827	49,356
Professional fees	5,792	-	-	5,792	110,880	30,760	141,640	147,432
Bank charges	1	-	102	103	-	25,987	25,987	26,090
Utilities	1,324	12	26,690	28,026	-	-	-	28,026
Advertising	696	314	506	1,516	9,424	145	9,569	11,085
Postage and freight	23,803	1,093	994	25,890	2,763	1,970	4,733	30,623
Dues and subscriptions	114	480	708	1,302	-	16,805	16,805	18,107
Office supplies	465	765	3,764	4,994	449	8,332	8,781	13,775
Printing/copying	428	186	5,450	6,064	13,297	154	13,451	19,515
Miscellaneous	875	5,066	5,824	11,765	26,068	4,700	30,768	42,533
Business gifts/recognition	1,502	288	2,776	4,566	156	8,351	8,507	13,073
Uniforms/laundry	4,171	811	-	4,982	-	177	177	5,159
Licenses and taxes	995	-	-	995	203	84	287	1,282
Interest and penalties	-	-	-	-	-	88	88	88
Total functional expenses	\$ 31,029,814	\$ 1,029,133	\$ 2,682,795	\$ 34,741,742	\$ 758,783	\$ 883,934	\$ 1,642,717	\$ 36,384,459

See accompanying notes.

INTER-FAITH FOOD SHUTTLE
Statements of Cash Flows
Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (563,422)	\$ (2,004,483)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	391,056	296,076
Gain on sale of property and equipment	(3)	(500)
Lease expense - operating leases	387,385	(614,782)
Net realized and unrealized gain on investments	(159,318)	(194,847)
In-kind food contributions received	(20,555,285)	(27,194,184)
In-kind food contributions expensed	20,619,640	27,415,163
Changes in assets and liabilities:		
Accounts receivable	(58,881)	97,243
Prepaid expenses	(30,678)	177,766
Security deposit	-	(9,465)
Accounts payable and accrued expenses	(94,382)	(33,535)
Paid time off accrual	5,551	4,685
Deferred revenue	(15,100)	7,050
Operating lease obligations	<u>(383,283)</u>	<u>662,904</u>
Net cash used in operating activities	(456,720)	(1,390,909)
Cash flows from investing activities:		
Purchase and sale of investments, net	1,028,211	(35,655)
Proceeds from sale of property and equipment	3	500
Purchase of property and equipment	<u>(462,140)</u>	<u>(353,525)</u>
Net cash provided by (used in) investing activities	<u>566,074</u>	<u>(388,680)</u>
Cash flows from financing activities:		
Purchase of right of use assets	<u>(196,800)</u>	<u>-</u>
Net decrease in cash	(87,446)	(1,779,589)
Cash and cash equivalents, beginning of year	<u>907,835</u>	<u>2,687,424</u>
Cash and cash equivalents, end of year	\$ <u><u>820,389</u></u>	\$ <u><u>907,835</u></u>
Supplemental disclosure of cash flow information:		
Noncash investing and financing transactions:		
Additions to ROU assets obtained from Operating leases	\$ 472,676	\$ 444,011

See accompanying notes.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements

1. Description of the Organization

The Inter-Faith Food Shuttle (the Organization) was incorporated as a not-for-profit organization in 1990. Key programs include: recycling food by collecting excess perishable food and distributing it to non-profit agencies charged with feeding needy people, culinary job-training and food service programs, farms and community gardens seeking to link low-income people to the local food movement, and nutrition education courses. The Organization is an affiliate of Feeding America and the Triangle United Way.

Revenues consist primarily of public grants and donations.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Organization in the preparation of its financial statements:

Leases

Lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines if an arrangement is, or contains, a lease at inception of the agreement, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization has made an accounting policy election not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. Lease expense for such leases is recognized on a straight-line basis over the lease term. For all other leases, they are classified as either finance or operating leases.

Operating and financing leases are included in operating lease ROU assets, and operating lease liabilities (current and non-current) in the statement of financial position. Finance leases are included in financing lease ROU assets. Operating lease expense is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and result in a front-loaded expense pattern over the lease term.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Leases, continued

Operating and financing lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date of the lease, and are reduced by any lease incentives.

As most of the Organization's leases do not provide an implicit rate, the Organization has made an accounting policy election to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Lease terms may include options to extend or terminate the lease. Where management concludes that it is reasonably certain that a renewal or termination option will be exercised, that renewal period or termination option is used to determine the lease term and the related payments that are reflected in the ROU asset and lease liability.

Some of the Organization's leases include variable lease payments. Variable lease payments are only included in measuring ROU assets and lease liabilities if they depend on an index or a rate, or are in substance fixed payments. Variable payments that are not included in measuring the ROU assets are expensed when incurred. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Lease agreements with lease and non-lease components are generally accounted for separately based upon the standalone price of the separate lease and non-lease components at the commencement date of the lease. The non-lease components generally relate to the separate payments made to the lessor based on the lessor's property and casualty insurance costs and the property taxes assessed on the property, as well as a portion of the common area maintenance costs associated with the property. The non-lease components are variable in nature and are recorded in variable lease expense in the period incurred.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Cash includes cash on hand and cash in banks including interest bearing accounts and investments in cash equivalents. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

At June 30, 2025 and 2024, the Organization had uninsured amounts of \$399,634 and \$596,155, respectively.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Accounts Receivable

Accounts receivable are comprised of fees for services performed by the Organization and a sales tax receivable.

The Organization establishes allowances for credit losses on accounts receivable. The allowance for credit losses is the Organization's best estimate of the amount of probable credit losses in the Organization's existing accounts receivables and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. The measurement of credit losses and subsequent changes in the allowance for credit losses are recorded in the statement of activities within management and general expenses as the amounts expected to be collected change.

The determination of past due status on accounts receivable is based on the terms indicated on customer contracts and invoices. Accounts are written off against the allowance when deemed uncollectible by management. Recoveries of accounts receivable previously written off are recorded when received. The Organization does not charge interest on its past due receivables. At June 30, 2025 all receivables were deemed to be collectible and an allowance for credit losses was not considered necessary.

Estimating credit losses based on risk characteristics requires significant judgment by the Organization. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Organization's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Organization reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, and new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Inventory

Inventory consists of donated food on hand at year-end. The donated food is valued at \$1.90 and \$1.97 per pound for the years ended June 30, 2025 and 2024, respectively. This valuation was obtained by Feeding America, the Organization's national affiliate. The Organization had approximately 81,000 and 111,000 pounds of donated food on hand at June 30, 2025 and 2024, respectively.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

In-Kind Donations

The Organization receives various in-kind donations, primarily in the form of donated food which is utilized when received in the food distribution program. The food is valued and reported at estimated fair value, using the food per pound valuation from Feeding America. It also receives and reports the fair market value of donated equipment, and items to be raffled. The time of volunteer workers who collect, prepare, and deliver food is not valued or reported.

Property and Equipment

The Organization has a capitalization threshold of \$2,500. Property and equipment are stated at cost if purchased and fair market value if donated and are depreciated on the straight-line basis over their useful lives.

<u>Classification</u>	<u>Estimated Useful Life</u>
Leasehold improvements	20-15 years
Equipment	5-15 years
Vehicles	5 years

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Advertising

The Organization charges all advertising expense to operations when incurred. Total advertising expense was \$20,359 and \$11,085 for the years ended June 30, 2025 and 2024, respectively.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). If there was unrelated business income, it is subject to tax under IRC Section 512. There was no such taxable income for the years ended June 30, 2025 and 2024, and thus no provision for income tax has been recorded. For the years ended June 30, 2025 and 2024, there were no uncertain tax positions.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through September 24, 2025, the date the financial statements were available to be issued.

3. Revenue Recognition

Fee for Services

The Organization provides meal preparation and delivery for various organizations. Revenue is recognized as the services are completed. Receivables arising from contracts with others totaled \$34,336 and \$38,251 at June 30, 2025 and 2024, respectively. As of July 1, 2023, the balance of accounts receivables was \$4,749.

Disaggregation of Revenue

In the following table, revenue recognized is disaggregated by major services line and timing of revenue recognition.

	<u>2025</u>	<u>2024</u>
Major services:		
Fees for services	\$ <u>1,832,681</u>	\$ <u>1,254,059</u>
Timing of revenue recognition:		
Services transferred at a point in time	\$ <u>1,832,681</u>	\$ <u>1,254,059</u>

The Organization assesses certain economic factors and the potential for significant changes in those economic factors and its impact on the nature, amount, timing and uncertainty of revenue and cash flows. Common factors ordinarily impacting the Organization would be the food needs and crises in the local area and the capacity of other organizations to service them. These factors have been assessed and management feels they have limited impact on the performance of the Organization.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

4. Liquidity and Availability

The Organization manages its liquid resources by focusing on obtaining grants, contributions, and fundraising projects to ensure the Organization has adequate funds to cover the programs that are being conducted. The Organization prepares detailed budgets and has been active in managing costs to ensure the Organization remains liquid.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2025</u>
Cash and cash equivalents	\$ 820,389
Investments	3,700,593
Accounts receivable	<u>291,584</u>
Financial assets at year end	4,812,566
Less: those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	<u>201,266</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,611,300</u>

5. Investments

Investments consist of the following as of June 30:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity funds	\$ 585,093	\$ 899,231	\$ 827,066	\$ 1,133,079
Bond funds	<u>2,788,792</u>	<u>2,801,362</u>	<u>3,424,456</u>	<u>3,436,408</u>
	<u>\$ 3,373,885</u>	<u>\$ 3,700,593</u>	<u>\$ 4,251,522</u>	<u>\$ 4,569,487</u>

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

5. Investments, continued

Investment return, net, consists of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Investment and interest income, net of expenses of \$9,535 and \$12,455 in 2025 and 2024, respectively	\$ 132,848	\$ 140,378
Net realized and unrealized gain on investments	<u>159,318</u>	<u>194,847</u>
Investment return	<u>\$ 292,166</u>	<u>\$ 335,225</u>

6. Fair Value Measurements

The Organization has determined the fair value of certain assets as follows:

Fair Value Measurement Using				
	Fair Value	Level 1	Level 2	Level 3
<u>June 30, 2025</u>				
Equity funds	\$ 899,231	\$ 899,231	\$ -	\$ -
Bond funds	<u>2,801,362</u>	<u>2,801,362</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,700,593</u>	<u>\$ 3,700,593</u>	<u>\$ -</u>	<u>\$ -</u>
Fair Value Measurement Using				
	Fair Value	Level 1	Level 2	Level 3
<u>June 30, 2024</u>				
Equity funds	\$ 1,133,079	\$ 1,133,079	\$ -	\$ -
Bond funds	<u>3,436,408</u>	<u>3,436,408</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,569,487</u>	<u>\$ 4,569,487</u>	<u>\$ -</u>	<u>\$ -</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on assumptions that management believes market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

6. Fair Value Measurements, continued

The following methods and assumptions were used by the Organization in estimating the fair value of its financial assets. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Equity funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Bond funds: Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

7. Line of Credit

The Organization has a \$250,000 line of credit with First Horizon. Interest is due monthly at the prime rate. The Organization did not have an outstanding balance on the line of credit at June 30, 2025 and 2024.

8. Leases

The Organization has operating leases for its operating facilities, a warehouse, vehicles and certain office equipment that have initial terms ranging from 2 to 6 years and expire through August 2027. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

The Organization has a financing lease for a vehicle that has a term of 4 years and expires in June 2028. The lease was prepaid as required by the grantor agency and does not have an associated lease liability.

Some leases include one or more options to renew, generally at the Organization's sole discretion, with renewal terms that can extend the lease term up to 3 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Organization, the lessor or both parties.

The Organization is also a sub-lessor in a real estate lease. The lease which began in 2006 has been extended with amendments and currently runs through December 2028.

Operating lease expense was \$434,037 and \$391,862 for the years ended June 30, 2025 and 2024, respectively.

Financing lease cost was amortization of ROU assets of \$49,200 for the year ended June 30, 2025.

The weighted average remaining operating lease term was 4.46 and 4.68 years as of June 30, 2025 and 2024, respectively.

The weighted average remaining financing lease term was 3 years as of June 30, 2025.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

8. Leases, continued

The weighted average discount rate for operating leases was 3.21% and 3.09% as of June 30, 2025 and 2024, respectively.

Maturities of operating lease liabilities as of June 30, 2025 were as follows:

<u>Years ending June 30</u>	
2026	\$ 451,010
2027	438,197
2028	390,813
2029	230,945
2030	161,880
Thereafter	<u>125,790</u>
Total lease payments	1,798,635
Less: imputed interest	<u>124,672</u>
	<u>\$ 1,673,963</u>

9. Employee Benefit Plan

The Organization has a Simple IRA plan covering all full-time employees meeting plan requirements. Under the plan, the Organization matches dollar for dollar up to 3% of each eligible employee's salary. Plan expenses incurred by the Organization were \$71,762 and \$62,251 for the years ended June 30, 2025 and 2024, respectively.

10. Net Assets

Net assets with donor restrictions as of June 30 are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Food recovery	\$ 78,425	\$ 654,291
Other	56,887	143,634
Senior hunger programs	45,454	50,000
Child hunger programs	<u>20,500</u>	<u>30,034</u>
	<u>\$ 201,266</u>	<u>\$ 877,959</u>

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

10. Net Assets, continued

Net assets without donor restrictions are composed of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 5,495,623	\$ 5,382,352
Operating reserve	<u>700,000</u>	<u>700,000</u>
	<u>\$ 6,195,623</u>	<u>\$ 6,082,352</u>

11. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions as of June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Food recovery	\$ 575,866	\$ 386,391
Other	86,747	171,366
Child hunger	30,034	101,375
Senior hunger	50,000	50,000
Expansion	<u>-</u>	<u>22,764</u>
	<u>\$ 742,647</u>	<u>\$ 731,896</u>

12. Related Party Transactions

The Organization is an affiliate with Feeding America. Feeding America, a 501(c)(3) organization, is the nation's largest hunger-relief organization.

In 1999, the Organization joined with Meals on Wheels to create Food Runners Collaborative, Inc. (Food Runners). The Organization and Food Runners have several common board members.

The Organization pays Food Runners for facility usage. The Organization paid Food Runners \$139,839 and \$138,375 in facility costs for the years ended June 30, 2025 and 2024, respectively, and it owed Food Runners \$11,074 and \$11,951 at June 30, 2025 and 2024, respectively.

13. Functional Expenses

The statement of functional expenses is an integral part of the audit report. All direct program revenues and expenses have been allocated to the Organization's strategic focus areas outlined in its mission. Program services include food distribution and service, job training, and activities related to nutrition, farm and gardens. Supporting services include administrative and fundraising.

INTER-FAITH FOOD SHUTTLE

Notes to the Financial Statements, continued

13. Functional Expenses, continued

For program services, all direct program costs are allocated to the related focus area. For supporting services, expenses are allocated based on use, tracked during the year. Payroll and benefits are allocated based on hours worked, and rent is allocated on percent of space used. Certain roles, such as finance and human resources, are allocated entirely to support services.