Audited Financial Statements

Feeding America West Michigan

Year Ended December 31, 2025
with Report of Independent Auditors
and Summarized Comparative
Financial Information for the
Year Ended December 31, 2024

CPAs & ADVISORS
ANDREWS HOOPER PAVLIK PLC

Feeding America West Michigan

Audited Financial Statements

Year Ended December 31, 2025

Contents

AHP
CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC
844-497-5300 | www.ahp.cpa

Report of Independent Auditors

Board of Directors
Feeding America West Michigan
Kentwood, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Feeding America West Michigan (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feeding America West Michigan as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit 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 Feeding America West Michigan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Feeding America West Michigan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Feeding America West Michigan'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 Feeding America West Michigan'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.

Report on Summarized Comparative Information

We have previously audited Feeding America West Michigan's 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2026 on our consideration of Feeding America West Michigan'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 Feeding America West Michigan'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 Feeding America West Michigan's internal control over financial reporting and compliance.

Andrews Hooper Pavlik PLC

Grand Rapids, Michigan
May 7, 2026

Feeding America West Michigan

Statement of Financial Position

December 31, 2025
(with Summarized Comparative Totals for 2024)

	December 31	
	2025	**2024**
Assets		
Current assets:		
Cash and cash equivalents	**$ 6,093,584**	$ 3,913,264
Accounts receivable, net of allowance for credit losses of $2,000 for 2025 and 2024	**294,469**	287,013
Promises to give, current	**138,150**	115,163
Prepaid expenses	**22,914**	32,520
Inventory, at donated value	**4,573,570**	3,209,573
Inventory, at purchased cost	**444,926**	355,330
Total current assets	**11,567,613**	7,912,863
Beneficial interest in perpetual endowment	**1,611,969**	1,433,263
Promises to give, net of current portion and discount	**96,891**	31,330
Property and equipment, net	**22,296,686**	22,416,731
Operating lease right-of-use assets	**185,196**	134,730
Total assets	**$ 35,758,355**	$ 31,928,917
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 433,337**	$ 1,791,227
Accrued expenses	**461,460**	361,721
Unearned revenue	**110,303**	102,367
Operating lease liability, current	**103,674**	60,873
Total current liabilities	**1,108,774**	2,316,188
Operating lease liability, net of current portion	**81,522**	73,857
Net assets:		
Without donor restrictions:		
Undesignated	**30,204,433**	17,946,852
Board designated	**340,000**	340,000
With donor restrictions	**4,023,626**	11,252,020
Total net assets	**34,568,059**	29,538,872
Total liabilities and net assets	**$ 35,758,355**	$ 31,928,917

See accompanying notes.

Feeding America West Michigan

Statement of Activities

Year Ended December 31, 2025
(with Summarized Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Totals 2025	Totals 2024
Revenue and public support				
Administrative fees charged to agencies, including donations applied to agency accounts of $833,357 in 2025 and $940,716 in 2024	**$ 1,405,042**	**$ -**	**$ 1,405,042**	$ 1,642,625
Administrative fees charged to agencies on purchased products, net of cost of $2,297,212 in 2025 and $2,625,540 in 2024	**455,387**	**-**	**455,387**	554,642
Program delivery fees	**285,794**	**-**	**285,794**	337,122
Federal grants	**68,826**	**-**	**68,826**	364,959
Federal Emergency Management Agency	**-**	**-**	**-**	101,599
Contributions	**6,192,188**	**3,096,972**	**9,289,160**	8,552,984
Food Bank Council of Michigan	**2,326,606**	**-**	**2,326,606**	1,887,355
Rental income	**-**	**-**	**-**	42,254
In-kind contributions	**20,287**	**-**	**20,287**	208
Investment return, net of fees	**1,361**	**167,354**	**168,715**	346,664
Gain on sale of property and equipment	**2,700,233**	**-**	**2,700,233**	4,300
Miscellaneous income	**45,108**	**-**	**45,108**	42,436
	13,500,832	**3,264,326**	**16,765,158**	13,877,148
Net assets released from restriction	**10,492,720**	**(10,492,720)**	**-**	-
Total revenue and public support	**23,993,552**	**(7,228,394)**	**16,765,158**	13,877,148
Expenses				
Program services	**8,714,197**	**-**	**8,714,197**	8,010,429
Supporting services:				
Management and general	**1,417,729**	**-**	**1,417,729**	1,155,094
Fundraising	**1,635,019**	**-**	**1,635,019**	1,311,547
Total expenses	**11,766,945**	**-**	**11,766,945**	10,477,070
Change in net assets prior to products donated, culled, and distributed	**12,226,607**	**(7,228,394)**	**4,998,213**	3,400,078
Products donated, culled, and distributed:				
In-kind product donations	**48,190,227**	**-**	**48,190,227**	48,995,714
Products culled and distributed	**(48,159,253)**	**-**	**(48,159,253)**	(49,920,709)
Products donated over (under) products distributed	**30,974**	**-**	**30,974**	(924,995)
Change in net assets	**12,257,581**	**(7,228,394)**	**5,029,187**	2,475,083
Net assets – beginning of year	**18,286,852**	**11,252,020**	**29,538,872**	27,063,789
Net assets – end of year	**$ 30,544,433**	**$ 4,023,626**	**$ 34,568,059**	$ 29,538,872

Feeding America West Michigan

Statement of Functional Expenses

Year Ended December 31, 2025
(with Summarized Comparative Totals for 2024)

	Program Services	Supporting Services: Management and General	Supporting Services: Fund-raising	Totals: 2025	Totals: 2024
Compensation and related expenses:					
Salaries and wages	**$ 3,256,776**	**$ 800,748**	**$ 579,116**	**$ 4,636,640**	$ 4,010,672
Payroll taxes	**239,140**	**58,798**	**42,524**	**340,462**	298,095
Health and life insurance	**735,393**	**180,812**	**130,767**	**1,046,972**	828,157
Pension	**168,746**	**41,490**	**30,006**	**240,242**	199,629
Total compensation and related expenses	**4,400,055**	**1,081,848**	**782,413**	**6,264,316**	5,336,553
Conferences and travel	**4,470**	**17,586**	**22,511**	**44,567**	44,491
Cost of purchased products distributed	**2,297,212**	**-**	**-**	**2,297,212**	2,625,540
Contractual services	**53,618**	**171,730**	**67,807**	**293,155**	286,485
Depreciation	**1,076,617**	**28,332**	**28,332**	**1,133,281**	791,978
Direct marketing	**-**	**-**	**571,416**	**571,416**	431,485
Donations applied to agency accounts	**833,357**	**-**	**-**	**833,357**	940,716
Dues, fees, and subscriptions	**85,515**	**17,338**	**17,134**	**119,987**	102,401
Equipment and improvements	**223,322**	**-**	**-**	**223,322**	130,808
Food and storage costs	**169,456**	**-**	**-**	**169,456**	158,183
Freight in	**41,682**	**-**	**-**	**41,682**	40,892
Insurance – property and casualty	**170,670**	**4,492**	**4,492**	**179,654**	175,420
Insurance – workers’ compensation	**43,208**	**10,624**	**7,683**	**61,515**	44,809
Maintenance and property taxes	**203,892**	**-**	**-**	**203,892**	127,220
Office and operating supplies	**216,370**	**28,229**	**13,199**	**257,798**	251,022
Printing and promotion	**5,803**	**41,728**	**102,408**	**149,939**	231,333
Rent	**82,965**	**-**	**-**	**82,965**	89,846
Rubbish removal	**70,683**	**-**	**-**	**70,683**	42,093
Telephone	**39,922**	**1,261**	**840**	**42,023**	42,751
Travel and truck	**774,188**	**8,814**	**11,037**	**794,039**	957,928
Utilities	**218,404**	**5,747**	**5,747**	**229,898**	250,656
	11,011,409	**1,417,729**	**1,635,019**	**14,064,157**	13,102,610
Expenses included with revenue and public support on the statement of activities:					
Cost of purchased products distributed	**(2,297,212)**	**-**	**-**	**(2,297,212)**	(2,625,540)
Total expenses on the statement of activities	**$ 8,714,197**	**$ 1,417,729**	**$ 1,635,019**	**$ 11,766,945**	$ 10,477,070

Feeding America West Michigan

Statement of Cash Flows

Year Ended December 31, 2025
(with Summarized Comparative Totals for 2024)

	Year Ended December 31 2025	2024
Operating activities		
Change in net assets	**$ 5,029,187**	$ 2,475,083
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in donated inventory	**(1,363,997)**	111,806
Depreciation	**1,133,281**	791,978
Gain on sale of property and equipment	**(2,700,233)**	(4,300)
Change in beneficial interest in perpetual endowment	**(167,354)**	(180,781)
Donated stock	**-**	(46,821)
Contribution revenue for endowment	**(11,352)**	-
Change in operating assets and liabilities:		
Accounts receivable	**(7,456)**	195,918
Interest receivable	**-**	32,636
Promises to give	**(88,548)**	487,114
Prepaid expenses	**9,606**	61,990
Purchased inventory	**(89,596)**	(5,474)
Accounts payable	**(1,357,890)**	1,559,809
Accrued expenses	**99,739**	(3,206)
Unearned revenue	**7,936**	14,181
Security deposit payable	-	(1,000)
Net cash from operating activities	**493,323**	5,488,933
Investing activities		
Purchases of short-term investments	**-**	(126,987)
Proceeds from maturity of short-term investments	**-**	5,358,349
Purchases of property and equipment	**(2,810,022)**	(10,304,092)
Proceeds from sale of property and equipment	**4,497,019**	4,000
Net cash from investing activities	**1,686,997**	(5,068,730)
Financing activities		
Transfer of cash to endowment	**(11,352)**	-
Contributions restricted for endowment	**11,352**	-
Net cash from financing activities	**-**	-
Net change in cash and cash equivalents	**2,180,320**	420,203
Cash and cash equivalents – beginning of year	**3,913,264**	3,493,061
Cash and cash equivalents – end of year	**$ 6,093,584**	$ 3,913,264
Supplemental cash flow information		
In-kind contributions	**$ 20,287**	$ 208
Lease liability arising from operating right-of-use assets	**$ 124,313**	$ 122,374

See accompanying notes.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Feeding America West Michigan (Feeding America), formerly known as Feeding America West Michigan Food Bank, is incorporated as a not-for-profit organization. Feeding America receives donations of food from farmers, wholesalers, and food processors. The food is distributed to social and religious agencies who are charged a normal administrative fee up to 18 cents per pound depending on the type of product received. In addition to the administrative fee charged, Feeding America receives donations and grants from individuals; social, business, and community groups; and governmental agencies.

Method of Accounting

The records of Feeding America are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation and Net Asset Classification

Feeding America reports information regarding its financial position and activities according to the following net asset classifications:

<u>Net assets without donor restrictions</u> – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Feeding America. These net assets may be used at the discretion of Feeding America's management and the board of directors. During the years ended December 31, 2025 and 2024, board designated net assets included amounts designated for counties with higher food insecurity and expanding services to these areas. These board designated amounts are included in net assets without donor restrictions.

<u>Net assets with donor restrictions</u> – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Feeding America or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified in the statement of activities from net assets with donor restrictions to net assets without donor restrictions. Funds restricted for capital asset related costs are released from restriction when the related asset is placed in service.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fair Value Measurements

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. Feeding America utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, Feeding America is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following is a description of the valuation methodologies and key inputs used to measure financial assets and liabilities recorded at fair value, as well as an indication of the level of the fair value hierarchy in which the assets and liabilities are classified. There have been no changes in the methodologies used as of December 31, 2025 and 2024.

Cash and cash equivalents – The carrying amounts of cash held in deposit and savings accounts and money market funds held in brokerage accounts approximate fair value (Level 1 inputs).

Investments – Investments consisted of certificates of deposit and short-term U.S. Treasury bills. The fair value of certificates of deposit is based on observable contract values (Level 1 inputs). The most recently issued U.S. Treasury bill of a given maturity is traded on active markets and assessed as a Level 1 investment, while any U.S. Treasury bill securities issued prior to the most recently issued security are not considered to be traded on active markets and are assessed as a Level 2 investment. All short-term treasury bills as of year-end were issued prior to the most recently issued short-term treasury bills.

Beneficial interest in perpetual endowment – The beneficial interest in perpetual endowment fund at the Grand Rapids Community Foundation (Foundation) is measured at fair value on a recurring basis based on statements received from the Foundation that are measured and reported using significant unobservable inputs (Level 3 inputs).

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents and Concentration of Credit Risk

Feeding America maintains cash and cash equivalent balances in checking, savings, and brokerage accounts at several financial institutions. The checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 per financial institution and the brokerage accounts are insured by the Securities Investor Protection Corporation up to $500,000 per investor. From time to time during the year, Feeding America may have cash and cash equivalents in an account in excess of the federally insured limits, which as of December 31, 2025 was approximately $5,634,000 and approximately $3,134,000 as of December 31, 2024.

Investments

Investments with initial maturities of three months or less are classified as cash and cash equivalents, and investments that mature within twelve months of year-end are classified as short-term investments. These investments are stated at fair value, based on quoted market prices using prevailing financial market information. Short-term investments previously held consisted of certificates of deposit and U.S. Treasury bills and were liquidated during the year ended December 31, 2024. Investments are protected by the Securities Investor Protection Corporation up to $500,000 per investor. Management believes that this exposure for Feeding America is subject to minimal risk.

Accounts Receivable, Allowance for Credit Losses, and Unearned Revenue

Feeding America grants credit in the normal course of business to social and religious agencies as the agencies purchase food. Ongoing credit evaluations of the agency's financial condition are conducted and, generally, no collateral is required. Accounts receivables are stated at amortized cost net of the allowance for credit losses. Amortized cost is the principal balance outstanding net of charge-offs. The allowance for credit losses is an estimate of amounts that may not be collectible. Feeding America determines the need for an allowance for credit losses based on an evaluation of the accounts receivable, historical collection experience, and expectations about current and future economic conditions.

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged off against the allowance when the receivable is deemed uncollectible. Based on management's evaluation, the estimate of allowance for credit losses was $2,000 as of December 31, 2025 and 2024.

In some instances, an agency overpays on their account, due to grant funding or other sources covering the agency's balance. These overpayments are recorded as unearned revenue.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Promises to Give

Unconditional promises to give are recognized as revenue in the period promised and as assets, decreases in liabilities, or expenses depending on the form of the benefits to be received. Unconditional promises to give are stated at the amount management expects to collect on outstanding balances, which is discounted to net present value. Management provides for probable credit losses through a valuation allowance based on management's assessment of the current status of individual accounts. When balances are deemed uncollectible, they are written off. No allowance was deemed necessary for the years ended December 31, 2025 and 2024.

Inventory

Inventory consists of both purchased and donated food items. Purchased inventory is stated at cost using the first in, first out method. Donated inventory is stated at a standard per pound value based on an independent survey performed by an independent accounting firm. In addition, Feeding America receives United States Department of Agriculture (USDA) commodities donations. The USDA items in inventory as of December 31, 2025 and 2024 were valued based on a food-only amount per pound that was determined by the independent survey.

Property and Equipment

Property and equipment are carried at cost and depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. Feeding America capitalizes all expenditures for property and equipment in excess of $5,000.

Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, Feeding America reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Feeding America reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Operating Leases and Right-of-Use Assets

Leases are classified as operating leases at the lease commencement date. Feeding America leases property and miscellaneous equipment discussed further in Note 8. Feeding America records leases on the statement of financial position in the form of an operating lease liability for the present value of future minimum payments under the lease terms and an operating right-of-use asset equal to the operating lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the operating right-of-use asset. The discount rate used in determining the operating lease liability is based on incremental borrowing rates Feeding America could obtain for similar loans as of the date of commencement or renewal. Feeding America does not record leases on the statement of financial position that are classified as short-term (less than one year) or that are not significant.

At lease inception, Feeding America determines the lease term by considering the minimum lease term and all optional renewal periods that Feeding America is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis and any impairment of the operating right-of-use asset. Rent expense is reported in the statement of activities as rent, for the property leases, or equipment and improvements, for the equipment leases.

Revenue and Public Support

Administrative Fees Charged to Agencies

Social and religious agencies place an order for food products with Feeding America and are assessed an administrative fee up to 18 cents per pound depending on the type of products purchased. The agency's order is charged to their account. Feeding America will review available funding, including federal or donated funds, to help offset the agency's cost.

The revenue from administrative fees is recognized at the point in time when Feeding America has fulfilled all performance obligations, and the product is in the agency's possession. Products are shipped to customers "FOB destination," and ownership of the goods in transit remains with Feeding America, who bears the associated risk. In some cases, an agency will pick up the order from Feeding America, at which point the ownership and associated risks pass to the agency. Feeding America provides an invoice to the agency when the agency takes possession of the product and payment is typically due within 30 days. All of Feeding America's sales are final and returns or refunds are only allowed under unique circumstances. There are no warranties on products purchased due to the nature of many of the products being donated, some of which may be at or near their printed expiration dates.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue and Public Support (continued)

Economic Factors

The following economic factors affect the nature, amount, timing, and uncertainty of Feeding America's revenue and cash flows as indicated:

- Overall health of the economy: Declines in the overall health of the economy will typically increase the need for food distribution.
- Food availability: The majority of the food distributed by Feeding America consists of donated products which may be received from grocers or farmers with an overabundance of products or from the federal government.

Contributions and Grants

Contributions and grants received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. All contributions and grants with donor-imposed restrictions are recorded as with donor restrictions, even if the restriction is subsequently fulfilled in the same year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions and grants are recognized when the conditions on which they depend are substantially met and the promises become unconditional. Feeding America had $19,500 of conditional promises to give which had not been recognized as of December 31, 2025 ($41,575 as of December 31, 2024). These gifts are contingent on conditions related to the donor being able to fulfill the promised amount, which was not obtained as of the date these statements were issued.

Rental Income

During the year ended December 31, 2024, Feeding America leased space to a tenant under a month-to-month rental arrangement. The arrangement terminated during 2024. Rental income was recognized when rent was due from the tenant, which was the first of each month for the upcoming month.

Receivable Concentrations

Approximately 37% of accounts receivable as of December 31, 2025 was due from the Food Bank Council of Michigan (no concentration for the year ended December 31, 2024). Additionally, 64% of promises to give were due from one donor as of December 31, 2025 and approximately 43% of promises to give were due from two donors as of December 31, 2024.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable and consistent basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Compensation and related expenses	Time and effort
Depreciation	Square footage
Insurance – property and casualty	Square footage
Insurance – workers' compensation	Time and effort
Utilities	Square footage

Donated Services and Assets

Donated services are recognized as contributions, in accordance with U.S. GAAP, if the services either 1) create or enhance nonfinancial assets or require specialized skills, or 2) are performed by people with those skills and would otherwise be purchased by Feeding America. Unaudited records indicate that 22,239 hours of donated non-specialized services were provided to Feeding America during the year ended December 31, 2025 and 21,300 hours during the year ended December 31, 2024. These in-kind contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

It is Feeding America's policy to record all donated property and equipment at fair market value and depreciate it over the remaining useful life of the asset. Other donated goods (excluding donated food discussed further in Note 4) and donated services that meet the criteria for recognition are recorded at fair value and expensed as of the date received. Donated goods and services consisted of the following as of December 31:

	2025	2024
Donated goods:		
Small equipment and appliances	**$ 13,034**	$ –
Miscellaneous supplies	**7,253**	–
Donated services:		
Electrical services	**–**	208
Total donated goods and services	**$ 20,287**	$ 208

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Income Taxes

Feeding America is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Feeding America evaluates tax positions taken on its Federal Exempt Organization Business Income Tax Returns in accordance with U.S. GAAP. Management believes that Feeding America has no significant unrecognized tax benefits under those criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses.

Generally, tax years from 2022 through the current year remain open to examination. Management does not believe that the results from any examination of these open years would have a material adverse effect on Feeding America.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Reclassifications had no effect on the prior year change in net assets or net asset balances as of year end.

Subsequent Events

Subsequent events have been evaluated through May 7, 2026, which is the date the financial statements were available to be issued.

Summarized Comparative Information

The 2025 financial statements include 2024 summarized comparative information that was derived from Feeding America's 2024 audited financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Feeding America's 2024 financial statements from which the summarized information was derived.

2. Liquidity and Availability

Feeding America has current assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Donor or other contractual restrictions on current assets are expected to be fulfilled in the normal course of business within one year of the statement of financial position date. The receivables are subject to implied time restrictions but are expected to be collected within one year. Feeding America has a goal to maintain current assets to meet a minimum of 30 days of normal operating expenses, which requires maintaining cash and cash equivalents and receivables on hand of at least $967,000. Feeding America also has a policy to structure its current assets to be available as its general expenditures, liabilities, and other obligations come due.

Feeding America had the following funds available for general expenditure for the twelve months following the year ended December 31:

	2025	2024
Cash and cash equivalents	**$ 6,093,584**	$ 3,913,264
Accounts receivable	**294,469**	287,013
Promises to give, current	**138,150**	115,163
	6,526,203	4,315,440
Restricted funds, not available for use:		
Agency grants	**(538,983)**	(341,257)
Future program use	**(618,087)**	(412,647)
Bridge the Gap campaign	**(1,218,121)**	-
	(2,375,191)	(753,904)
Total funds available within one year	**$ 4,151,012**	$ 3,561,536

3. Promises to Give

Promises to give consisted of the following as of December 31:

	2025	2024
Receivable in less than one year	**$ 138,150**	$ 115,163
Receivable in one to five years	**104,116**	36,464
Discount to net present value	**(7,225)**	(5,134)
	$ 235,041	$ 146,493

Promises to give were discounted using a fixed rate of 5.00% for the years ended December 31, 2025 and 2024.

4. Donated Food Product

The value of the USDA food commodities and grant money received from the Federal Emergency Management Agency surpasses the threshold of federal financial assistance which requires the performance of an audit in accordance with Uniform Grant Guidance. Accordingly, Feeding America recorded the value of donated commodities received and commodities distributed and culled. All USDA commodities distributed were valued at an average food-only per pound price of $1.72 in 2025 and $1.74 in 2024.

All other donated commodities recorded in inventory and in-kind product donations were valued at an average per pound price of $1.90 in 2025 and $1.97 in 2024. The average price per pound for all 2025 and 2024 products was determined by the results of an independent survey performed by an independent accounting firm, solely to assist in determining the approximate average wholesale value of one pound of donated product at the national level for each year.

5. Beneficial Interest in Perpetual Endowment Fund

Feeding America is the beneficiary under an agency endowment agreement administered by the Grand Rapids Community Foundation (Foundation), named the John Arnold Endowment Fund (Fund). Under this agreement, Feeding America is entitled to the earnings from the assets in perpetuity, but has no right to the principal. The fair market value of the underlying investment is recorded in Feeding America’s statement of financial position. On an annual basis, the asset is revalued based on the changes in market value. This revaluation is treated as net assets with donor restrictions in the statement of activities. Distributions from the Fund are recorded as reductions to the beneficial interest in perpetual endowment asset in the statement of financial position. The fair market value was $1,611,969 as of December 31, 2025 and $1,433,263 as of December 31, 2024, including a spendable portion of $626,441 as of December 31, 2025 and $574,651 as of December 31, 2024 that is available upon request. No distributions were received from this fund during the years ended December 31, 2025 and 2024.

In addition to Feeding America’s gifts to the Fund, individual donations have been made directly to the Fund. The Foundation confirms that the total market value of the donor portion of the Fund was $211,320 as of December 31, 2025 and $188,775 as of December 31, 2024, including a spendable portion of $51,824 as of December 31, 2025 and $45,011 as of December 31, 2024 that is available upon request. Distributions from this portion of the Fund are recorded as contributions with donor restriction in the statement of activities. Feeding America did not receive any distribution from this fund during the years ended December 31, 2025 and 2024. The Foundation was given variance power, which gives the Foundation the ability to control the use of the transferred assets. Therefore, in accordance with U.S. GAAP, the market value of these gifts is not reported as an asset on Feeding America’s financial statements.

6. Property and Equipment

Net property and equipment consisted of the following as of December 31:

	2025	2024
Land	**$ 1,000,000**	$ 1,501,750
Land improvements	**1,150**	179,880
Building and improvements	**21,121,949**	9,335,374
Furniture, equipment, and delivery vehicles	**4,588,023**	4,861,856
Construction in progress	**-**	12,541,016
	26,711,122	28,419,876
Accumulated depreciation	**(4,414,436)**	(6,003,145)
Property and equipment, net	**$ 22,296,686**	$ 22,416,731

7. Fair Value Measurement

Assets measured at fair value on a recurring basis were comprised of the following as of December 31:

	Fair Value	Level 1	Level 2	Level 3
2025				
Beneficial interest in perpetual endowment	**$ 1,611,969**	**$ -**	**$ -**	**$ 1,611,969**
	$ 1,611,969	**$ -**	**$ -**	**$ 1,611,969**
2024				
Beneficial interest in perpetual endowment	$ 1,433,263	$ -	$ -	$ 1,433,263
	$ 1,433,263	$ -	$ -	$ 1,433,263

Changes in Level 3 assets measured at fair value on a recurring basis:

Balance as of January 1, 2024	$ 1,252,482
Total gains (realized/unrealized) included in investment return, net of fees	180,781
Balance as of December 31, 2024	1,433,263
Contributions to endowment	**11,352**
Total gains (realized/unrealized) included in investment return, net of fees	**167,354**
Balance as of December 31, 2025	**$ 1,611,969**

8. Operating Leases and Right-of-Use Assets

Property Leases

Feeding America leases business premises in Benton Harbor under a 7-year lease which began on March 1, 2010. The original lease term matured in February 2017 and with automatic annual renewals available for up to 20 additional 1-year terms. In March 2024, Feeding America entered into a new agreement that superseded this arrangement, for a 3-year lease that will terminate on March 31, 2027, with automatic annual renewals available for up to 20 additional 1-year terms. As of December 31, 2025 and 2024, management expects to occupy the property through March 31, 2027.

The lease required monthly payments of $3,500 per month plus expenses through March 2024 and then increased to $4,000 per month. The lease includes an annual increase based on the consumer price index on each renewal term. Rent payments under this lease totaled approximately $48,000 for the year ended December 31, 2025 and $32,000 for the year ended December 31, 2024.

Feeding America entered into a 40-month office lease that began in March 2021. The lease included four months rent free, and monthly rental rates at approximately $2,100, which started in July 2021. The rental rates increase annually as outlined in the rental agreement until maturity in June 2024. The lease agreement included two options to renew for two years each or the opportunity to go to a month-to-month arrangement at approximately $2,200 per month. This lease was terminated in October 2024. Rent payments under this lease totaled approximately $21,800 for the year ended December 31, 2024.

Feeding America entered a 36-month office lease that began July 1, 2025. Monthly rental rates were $3,630 per month. The lease includes an annual increase of 2.50% and has two options to renew for two additional three-year periods. Rent payments under this lease totaled $21,780 for the year ended December 31, 2025.

Equipment Leases

Feeding America has two noncancelable operating leases for office equipment, including a postage machine and copier/printer, that expire in December 2026 and August 2027. Rental expenses for the equipment leases totaled approximately $22,500 for the year ended December 31, 2025 and $17,100 for the year ended December 31, 2024.

8. Operating Leases and Right-of-Use Assets (continued)

Minimum Lease Payments

The following is a schedule of the minimum lease payments that will be paid under the lease agreements for the future years ending December 31:

2026	$ 109,170
2027	65,689
2028	22,879
Total lease payments	197,738
Imputed interest	(12,542)
Present value of lease liability	$ 185,196

Operating Right-of-Use Assets

As of December 31, 2025, the weighted-average discount rate for all leases was 4.65% (6.85% as of December 31, 2024) and the weighted-average remaining lease term was approximately 24 months (28 months as of December 31, 2024). Total operating right-of-use assets and operating lease liabilities of $185,196 are recorded on the statement of financial position as of December 31, 2025 and $134,730 as of December 31, 2024.

9. Debt

On April 29, 2024, Feeding America entered into a $4,000,000 line of credit to bridge the gap between receiving grant funding and the proceeds from the sale of the previous headquarters (that was finalized in January 2025) and meeting cash needs to complete the buildout of the new headquarters and distribution center. The line noted a maturity date of October 29, 2025 but was closed in January 2025. Monthly interest only payments began in May 2024 with interest stated at 2.30% above the Secured Overnight Financing Rate, effectively 6.79% at December 31, 2024. There were no draws on the line of credit during 2025 or 2024.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of December 31:

	2025	2024
Funds to be applied to agencies	**$ 538,983**	$ 341,257
Funds for future program use	**618,087**	412,647
Nourish Tomorrow campaign	**36,466**	9,064,853
Bridge the Gap campaign:		
Local farmers	**997,428**	-
Agency capacity	**220,693**	-
Endowment earnings for future program use	**1,061,483**	894,129
John Arnold Endowment Fund held at the Foundation	**550,486**	539,134
	$ 4,023,626	$ 11,252,020

During 2022, Feeding America launched the Nourish Tomorrow capital campaign to purchase and renovate a new headquarters and distribution center. The new facility will allow for expanded programming and distributions. Campaign expenditures began in 2022 and were reflected in the construction in progress balance, which is a component of net property and equipment, as disclosed in Note 6 until 2025 when the building was placed in service. In accordance with Feeding America's policy and as required by U.S. GAAP, restricted gifts for the capital campaign are not released from restriction until the capital assets are placed into service. Additionally, the only funds remaining from the Nourish Tomorrow campaign as of December 31, 2025, are promises to give to be received from donors through 2027. The renovations were substantially completed as of December 31, 2024, resulting in all purpose restrictions being completed as of December 31, 2025.

During 2025, Feeding America launched the $1,500,000 million Bridge the Gap campaign to provide locally sourced food, additional capacity for agency partners, and fund operational costs.

11. Endowment Funds

The board of directors established an endowment fund in the name of its former executive director, John M. Arnold, which was previously discussed in Note 5. Gifts that were explicitly restricted by the donor for the endowment fund are classified as net assets with donor restrictions. Feeding America has a specific dollar goal for the John Arnold Endowment Fund of $15,000,000 for the purpose of generating annual operating revenue to prevent Feeding America from shifting its focus from food distribution to fundraising. To achieve that objective, Feeding America has adopted a policy of investing endowment fund assets with the Foundation.

11. Endowment Funds (continued)

The assets delivered to the Foundation constitute irrevocable gifts, so that whether the donor intent of the assets is with or without donor restrictions, upon receipt by the Foundation, all assets so gifted are classified as net assets with donor restrictions. The Foundation assets are invested in well-diversified and managed asset mixes that are intended to result in a consistent inflation-projected rate of return that has sufficient liquidity to make periodic distributions while growing the fund, if possible.

Donor-restricted assets are deposited temporarily in a separate bank account and transferred periodically to the Foundation. As of December 31, 2025 and 2024, all amounts received by Feeding America directly had been remitted to the Foundation.

Endowment net asset composition by type of fund was as follows as of December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
2025			
John Arnold Endowment Fund	**$ -**	**$ 1,611,969**	**$ 1,611,969**
2024			
John Arnold Endowment Fund	$ -	$ 1,433,263	$ 1,433,263

Changes in endowment net assets for the years ended December 31, 2025 and 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2024	$ -	$ 1,252,482	$ 1,252,482
Investment gain, net of fees	-	180,781	180,781
Endowment net assets, December 31, 2024	-	1,433,263	1,433,263
Contributions	**-**	**11,352**	**11,352**
Investment gain, net of fees	**-**	**167,354**	**167,354**
Endowment net assets, December 31, 2025	**$ -**	**$ 1,611,969**	**$ 1,611,969**

12. Defined Contribution 403(b) Plan

Feeding America has a defined contribution 403(b) plan for all employees who meet the eligibility requirements. All accrued retirement plan expenses are fully funded and paid to a third-party trustee on a quarterly basis. Retirement plan expense was approximately $240,200 for the year ended December 31, 2025 and $199,600 for the year ended December 31, 2024.

13. Risks and Uncertainties

Feeding America is subject to various risks and uncertainties related to operations, financial performance, and economic events. Feeding America utilizes a number of suppliers and vendors to fulfill business needs, and this exposes Feeding America to risks and uncertainties, including supply chain risks. These supply chain risks include availability of sources of food commodities for distribution and labor services, potential changes in federal funding, in addition to increases in prices.

Due to the level of risk associated with the supply chain and other potential risks and uncertainties, it is at least reasonably possible these risks could have an impact in the near term and could materially affect the operations of Feeding America and the amounts reported in the financial statements.

14. Related Party Transactions

Feeding America purchased $85,000 of capitalized equipment during the year ended December 31, 2025 from a company owned by an immediate family member of an individual of management. There were no such related party transactions for the year ended December 31, 2024.

15. Subsequent Events

In 2026, Feeding America purchased three pieces of equipment and vehicles for $280,299; $96,500 of which was purchased from a company owned by an immediate family member of an individual of management.