

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**

**Consolidated Financial Statements and  
Schedules Required By the Uniform Guidance  
Together with Reports of Independent Auditor**

**Year Ended June 30, 2025**

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### Independent Auditor's Report

To the Board of Directors  
Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary  
Fort Myers, Florida

#### *Opinion*

We have audited the accompanying consolidated financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary as of June 30, 2025, and the results of its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Affiliations

**Florida Institute of Certified Public Accountants**  
**American Institute of Certified Public Accountants**

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\*By Appointment Only

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary'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.

### ***Other Matters***

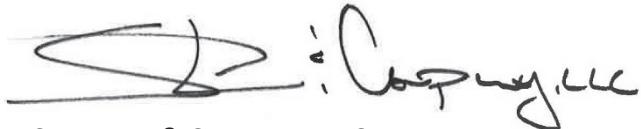
#### ***Report on Supplementary Information***

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records

used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2025, on our consideration of Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary'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 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 Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC".

Stroemer & Company, LLC

Fort Myers, Florida

October 6, 2025

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Consolidated Statement of Financial Position**  
**June 30, 2025**

**Assets**

**Current Assets**

|   |                             |
|---|-----------------------------|
| Cash and cash equivalents   | \$ 41,854,450               |
| Accounts receivable   | 5,306,179                   |
| Prepaid expenses  | 80,584                      |
| Inventory   | <u>1,250,734</u>            |
| <b>Total current assets</b>   | <b>48,491,947</b>           |
| <b>Property and equipment, net</b>                                      | 11,638,844                  |
| <b>Leveraged loan receivable</b>  | 32,366,375                  |
| <b>Operating lease right-of-use assets</b>                              | 1,039,194                   |
| <b>Other assets</b>   |                             |
| Investments - Board designated endowment                                | 1,050,586                   |
| Investments - beneficial interest in assets held by others - restricted | 413,445                     |
| Deposits  | 190,253                     |
| Other assets - reserves   | <u>2,475,193</u>            |
| <b>Total other assets</b>   | <b>4,129,477</b>            |
| <b>Total assets</b>   | <b><u>\$ 97,665,837</u></b> |

**Liabilities and net assets**

**Current liabilities**

|  |                  |
|--|------------------|
| Accounts payable                             | \$ 247,151       |
| Accrued expenses                             | 910,918          |
| Compensated absences                         | 260,906          |
| Current portion of operating lease liability | <u>731,680</u>   |
| <b>Total current liabilities</b>             | <b>2,150,655</b> |

**Long-term liabilities**

|   |                   |
|---|-------------------|
| Operating lease liability, net of current portion | 307,514           |
| NMTC notes payable, net                           | 43,435,741        |
| Long-term debt                                    | <u>9,000,000</u>  |
| <b>Total liabilities</b>                          | <b>54,893,910</b> |

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Consolidated Statement of Financial Position (Continued)**  
**June 30, 2025**

**Net Assets**

|  |                             |
|--|-----------------------------|
| <b>Net assets without donor restrictions</b>       |                             |
| Operating  | 30,625,396                  |
| Investment in property and equipment               | <u>11,638,844</u>           |
| <b>Total net assets without donor restrictions</b> | <u>42,264,240</u>           |
| <b>Total net assets with donor restrictions</b>    | <u>507,687</u>              |
| <b>Total net assets</b>                            | <u>42,771,927</u>           |
| <b>Total liabilities and net assets</b>            | <b><u>\$ 97,665,837</u></b> |

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2025**

|   | Without<br>Donor<br>Restrictions | With Donor<br>Restrictions | <u>Total</u>                |
|---|----------------------------------|----------------------------|-----------------------------|
| <b>Changes in net assets</b>                |                                  |                            |                             |
| <b>Operating revenues and support</b>       |                                  |                            |                             |
| Food contributions - in-kind food           | \$ 54,552,163                    | \$ -                       | \$ 54,552,163               |
| Contributions                               | <u>17,784,172</u>                | <u>2,302,994</u>           | <u>20,087,166</u>           |
| Food contributions - USDA in-kind food      | 11,116,277                       | -                          | 11,116,277                  |
| Federal government programs                 | 1,969,182                        | -                          | 1,969,182                   |
| Programs                                    | 1,117,348                        | -                          | 1,117,348                   |
| Other revenue                               | 1,033,007                        | -                          | 1,033,007                   |
| Food contributions - USDA CSFP in-kind food | 635,930                          | -                          | 635,930                     |
| United Way                                  | <u>165,345</u>                   | <u>-</u>                   | <u>165,345</u>              |
| Total                                       | <u>88,373,424</u>                | <u>2,302,994</u>           | <u>90,676,418</u>           |
| Net assets released from restrictions       | <u>2,153,641</u>                 | <u>(2,153,641)</u>         | <u>-</u>                    |
| <b>Total operating revenues and support</b> | <b><u>90,527,065</u></b>         | <b><u>149,353</u></b>      | <b><u>90,676,418</u></b>    |
| <b>Operating expenses</b>                   |                                  |                            |                             |
| Program Services                            | 84,459,884                       | -                          | 84,459,884                  |
| Administrative                              | <u>933,225</u>                   | <u>-</u>                   | <u>933,225</u>              |
| Fundraising                                 | <u>1,179,212</u>                 | <u>-</u>                   | <u>1,179,212</u>            |
| Total operating expenses                    | <b><u>86,572,321</u></b>         | <b><u>-</u></b>            | <b><u>86,572,321</u></b>    |
| <b>Capital campaign activity</b>            |                                  |                            |                             |
| Capital campaign revenues                   | 7,579,647                        | -                          | 7,579,647                   |
| Capital campaign expenses                   | <u>119,462</u>                   | <u>-</u>                   | <u>119,462</u>              |
| Total Capital campaign activity             | <b><u>7,460,185</u></b>          | <b><u>-</u></b>            | <b><u>7,460,185</u></b>     |
| Total change in net assets                  | <b><u>11,414,929</u></b>         | <b><u>149,353</u></b>      | <b><u>11,564,282</u></b>    |
| Net assets, beginning of year               | <u>30,849,311</u>                | <u>358,334</u>             | <u>31,207,645</u>           |
| Net assets, end of year                     | <b><u>\$ 42,264,240</u></b>      | <b><u>\$ 507,687</u></b>   | <b><u>\$ 42,771,927</u></b> |

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2025**

| <b>Functional Expenses</b>             | <b>Supporting Services</b> |                       |                         | <b>Total Supporting Services</b> | <b>2025 Total Expenses</b> |
|--|----------------------------|-----------------------|-------------------------|----------------------------------|----------------------------|
|  | <b>Program Services</b>    | <b>Administrative</b> | <b>Fundraising</b>      |                                  |                            |
| Food distribution - in-kind            | \$66,428,610               | \$ -                  | \$ -                    | \$ -                             | \$ 66,428,610              |
| Cost of food                           | 7,330,506                  | -                     | -                       | -                                | 7,330,506                  |
| Payroll and related expenses           | 4,567,650                  | 511,405               | 762,212                 | 1,273,617                        | 5,841,267                  |
| Other                                  | 1,938,918                  | -                     | 331,641                 | 331,641                          | 2,270,559                  |
| Insurance                              | 1,117,677                  | 90,833                | 61,690                  | 152,523                          | 1,270,200                  |
| Pick and pack out                      | 938,880                    | -                     | -                       | -                                | 938,880                    |
| Vehicle                                | 610,969                    | -                     | -                       | -                                | 610,969                    |
| Technology                             | 111,077                    | 198,224               | 684                     | 198,908                          | 309,985                    |
| Transportation                         | 266,784                    | -                     | -                       | -                                | 266,784                    |
| Utilities                              | 186,041                    | 443                   | 400                     | 843                              | 186,884                    |
| Business travel                        | 144,140                    | 7,573                 | 22,585                  | 30,158                           | 174,298                    |
| Finance                                | -                          | 124,257               | -                       | 124,257                          | 124,257                    |
| Maintenance                            | 120,637                    | 490                   | -                       | 490                              | 121,127                    |
| <br>Total expenses before depreciation | <br>83,761,889             | <br>933,225           | <br>1,179,212           | <br>2,112,437                    | <br>85,874,326             |
| Depreciation                           | 697,995                    | -                     | -                       | -                                | 697,995                    |
| <br><b>Total expenses</b>              | <br><b>\$84,459,884</b>    | <br><b>\$ 933,225</b> | <br><b>\$ 1,179,212</b> | <br><b>\$ 2,112,437</b>          | <br><b>\$ 86,572,321</b>   |

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2025**

**Cash flows from operating activities:**

|   |                   |
|---|-------------------|
| Cash received from donations, grants contracts and programs | \$ 28,105,756     |
| Interest and dividends received                             | 807,273           |
| Cash paid to suppliers and employees                        | (18,315,084)      |
| Cash paid for interest                                      | (184,531)         |
| <b>Net cash provided by operating activities</b>            | <b>10,413,414</b> |

**Cash flows from investing activities:**

|   |                     |
|---|---------------------|
| Cash paid in exchange for leveraged loan receivable | (32,366,375)        |
| Purchases of property and equipment                 | (4,700,399)         |
| Proceeds from sale of investments                   | 5,627,725           |
| Proceeds from sale of property and equipment        | 5,205,086           |
| <b>Net cash used in investing activities</b>        | <b>(26,233,963)</b> |

**Cash flows from Financial activities:**

|   |                      |
|---|----------------------|
| Proceeds from NMTC notes payable                    | 44,605,000           |
| Proceeds from long-term debt                        | 9,000,000            |
| Debt issuance costs                                 | (1,169,259)          |
| <b>Net cash provided by financing activities</b>    | <b>52,435,741</b>    |
| <b>Net cash change in cash and cash equivalents</b> | <b>36,615,192</b>    |
| Cash and cash equivalents at beginning of year      | 5,239,258            |
| <b>Cash and cash equivalents at end of year</b>     | <b>\$ 41,854,450</b> |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Consolidated Statement of Cash Flows (Continued)**  
**For the Year Ended June 30, 2025**

**Reconciliation of change in net assets to net cash provided by  
operating activities**

|                      |               |
|----------------------|---------------|
| Change in net assets | \$ 11,564,282 |
|----------------------|---------------|

Adjustments to reconcile change in net assets to net cash  
provided by operating activities:

|  |           |
|--|-----------|
| Depreciation                               | 697,995   |
| Loss on disposal of property and equipment | 2,678,104 |
| Unrealized gain on investments             | (180,650) |

**(Increase)/decrease in assets:**

|                                     |             |
|-------------------------------------|-------------|
| Accounts receivable                 | (2,524,682) |
| Inventory                           | 290,514     |
| Prepaid expenses                    | 181,134     |
| Deposits                            | (152,000)   |
| Operating lease right-of-use assets | 356,098     |
| Other assets                        | (2,475,193) |

**Increase/(decrease) in liabilities:**

|                           |           |
|---------------------------|-----------|
| Operating lease liability | (356,098) |
| Accounts payable          | 43,141    |
| Accrued expenses          | 652,410   |
| Compensated absences      | (28,307)  |
| Deferred revenue          | (333,334) |

|  |                      |
|--|----------------------|
| <b>Net cash provided by operating activities</b> | <b>\$ 10,413,414</b> |
|--|----------------------|

**Supplemental disclosure of non-cash activities:**

|                                   |                        |
|-----------------------------------|------------------------|
| Donations-in-kind food - revenue  | \$ 66,304,370          |
| Donations-in-kind food - expenses | <b>\$ (66,428,610)</b> |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note A - Summary of Significant Accounting Policies**

**1. Description of Activities**

Collectively, the "Organization" consists of Harry Chapin Food Bank of Southwest Florida, Inc. and its wholly-owned subsidiary, HCFB Holding Company, Inc.

Harry Chapin Food Bank of Southwest Florida, Inc. is a nonprofit organization serving the hungry in Southwest Florida. Its mission is to lead our community in the fight to end hunger. It was incorporated on January 21, 1983 as a nonprofit organization under the laws of Florida and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

HCFB Holding Company, Inc is a nonprofit organization that was incorporated on January 27, 2025 as a nonprofit organization under the laws of Florida and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. HCFB Holding Company, Inc. was created to hold the land, construction of the new building, and the debt related to the New Market Tax Credit (NMTC) transaction that took place during the fiscal year ended June 30, 2025.

Harry Chapin Food Bank of Southwest Florida, Inc. provides programs and services directly to hungry families and partners with approximately 170 agencies including pantries, soup kitchens, emergency shelters, and residential programs. The Organization is also a key provider of food and relief supplies in the event of local disasters. As such, the Organization is the largest hunger relief organization in Southwest Florida. It distributed 37.7 million pounds of food in the fiscal year ended June 30, 2025.

Harry Chapin Food Bank of Southwest Florida, Inc. rescues food from a variety of sources to support its programs and operations. Food sources include retail stores, wholesalers, distributors, farms, packing houses, government sources and private donations. Harry Chapin Food Bank of Southwest Florida, Inc.'s funding comes primarily from private sources, including private donors, foundations, corporate giving, and the general public, as well as from government programs.

**2. Basis of Accounting**

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America and are in accordance with the audit guide issued by the American Institute of Certified Public Accountants, "Not-for-Profit Organizations" and the Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

The Organization prepares its consolidated financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the grant agreement. Grant revenue includes all resources received from another entity in accordance with an entitlement or grant document.

**3. Financial statement presentation**

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-55-21 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-205-55-21, the Organization is required to report

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note A - Summary of Significant Accounting Policies (continued)**

**Financial statement presentation (continued)**

information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions (unrestricted) and net assets with donor restrictions (temporarily restricted and permanently restricted).

The Organization reports its contributions in accordance with FASB ASC 958-605-50-2. In accordance with FASB ASC 958-605-50-2, contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605-50-1, such contributions are required to be reported as contributions with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction or compliance with the purpose restriction.

**4. Principles of consolidation**

The consolidated financial statements include the accounts of Harry Chapin Food Bank of Southwest Florida, Inc. and its wholly-owned subsidiary, HCFB Holding Company, Inc.. All significant intercompany transactions and accounts have been eliminated.

**5. Program summary**

**Volunteer Services:** Volunteers are a vital part of the success of the programs at Harry Chapin Food Bank of Southwest Florida, Inc. For the year ended June 30, 2025, more than 4,277 volunteers collectively provided 49,032 hours, which equate to more than \$1,520,001 in in-kind services. These in-kind services have not been recorded in these consolidated financial statements.

**6. Investments**

Investments are reported at their fair value in the statements of financial position and include endowment accounts. Fair value of investments is determined by significant unobservable inputs. Realized and unrealized gains and losses are included in the change in net assets in the consolidated statement of activities.

**7. Accounts receivable**

Accounts receivable primarily consist of amounts due from grantors and donors. It is the Organization's policy to establish an allowance for doubtful accounts based on known circumstances and historical collection history. Bad debt expense was \$0 for the year ended June 30, 2025.

Unconditional promises to give, if any, are, generally, considered fully collectible; therefore no allowance for uncollectible accounts has been recorded. In addition, the Organization discounts its promises to give to present value based on its estimated time of collectability. Such discount is subsequently amortized to revenue.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note A - Summary of Significant Accounting Policies (continued)**

**8. Inventory**

Inventories of donated products (food) are recorded at the approximate average wholesale value as outlined in the Product Valuation Survey Methodology, December 2024 prepared by Feeding America, a national, nonprofit distributor of donated product in the food bank network. The Organization's subsidiary records are maintained for federal surplus commodities as to quantities received and quantify on hand for control purposes and for revenue recognition in the consolidated financial statements. Federal surplus commodities are recorded in inventory as of the date they are physically received in the Organization's warehouse.

Inventories of purchased commodities are stated the lower of cost or net realizable value.

**9. Property and equipment**

The Organization's policy is to capitalize assets with a cost of \$1,000 or more and a useful life greater than one (1) year. Property and equipment are recorded at cost if purchased or estimated current values on the date of receipt if donated. Maintenance and repairs are charged to operations when incurred and major replacements in excess of \$1,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets, as follows:

| <u>Fixed asset category</u> | <u>Useful lives</u> |
|-----------------------------|---------------------|
| Building and improvements   | 5-40 years          |
| Furniture and equipment     | 3-7 years           |
| Vehicles                    | 3-10 years          |

**10. Impairment of property and equipment**

The Organization adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicated that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's consolidated financial statements resulting from this topic for the year ended June 30, 2025.

**11. Compensated absences**

The Organization accumulates and records a contingent liability for compensated absences accrued by employees. Upon termination of employment, employees can receive payment for vacation leave if they meet certain criteria. Vacation is based on a fiscal year. Unused vacation leave and related employer costs as of June 30, 2025 have been accrued as a liability.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note A - Summary of Significant Accounting Policies (continued)**

**12. Deferred revenue**

Advance payments received from the grantor agencies are deferred and recognized over the periods to which the payments relate.

**13. Leases**

Leases, other than short-term leases, are classified as either finance or operating at inception of the lease, with classification affecting the pattern of expense recognition in the consolidated statement of activities. Operating leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the Organization's right to use the leased asset for the lease term and lease liabilities represent the obligation to make lease payments. Lease liabilities are calculated as the present value of the remaining minimum lease payments for existing operating leases using either the rate implicit in the lease or, if none exists, the Organization's incremental borrowing rate.

The Organization classifies all leases that at commencement date have a lease term of 12 months or less and do not include an option to purchase the underlying assets as short-term leases. As such, the Organization has taken advantage of the practical expedient permitted within Topic 842, to not recognize short term ROU assets or lease liabilities in its consolidated financial statements.

**14. Income taxes**

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under section 501 (c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization adopted this guidance. The Organization has evaluated its tax positions will be recognized in income tax expense, if required.

**15. Fair value of financial instruments**

The "Financial Instruments" topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash, receivables, inventory, prepaids, accounts payable, accrued liabilities and deposits . The Organization estimates that the fair value of all financial instruments as of June 30, 2025 do not differ materially from the aggregate carrying

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note A - Summary of Significant Accounting Policies (continued)**

**15. Fair value of financial instruments (continued)**

values of its financial instruments recorded in the accompanying consolidated statement of financial position.

**16. Revenues and support**

Contributions, including capital campaign pledges, are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions (unrestricted) if the restriction expires in the reporting period in which the support is recognized. All other grant revenue and donor-restricted support is reported as an increase in net assets with donor restrictions (temporarily or permanently restricted), depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions (temporarily restricted) are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Support from federal and state grants is recorded based upon the terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred.

**17. In-kind contributions/donated services**

In-kind contributions generally consist of food products and are recorded as contributions and inventory in the accompanying consolidated financial statements at their estimated current value on the date of the receipt by the Organization. In-kind expenses are recognized when the related food is distributed to the participating food pantries. Contributions of services are recognized only if services received (a) created or enhance nonfinancial assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically be purchased if not provided by donation. For the year ended June 30, 2025, the value of contributed services has not been recorded in the consolidated financial statements. However, a number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to the Organization's programs and supporting services.

**18. Functional expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific cost center or program service are allocated according to their natural expense classification. Other expenses that are common to several functions are allocated by using various statistical bases.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note A - Summary of Significant Accounting Policies (continued)**

**19. Cash flows**

For the purpose of the consolidated statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**20. Use of estimates**

The preparation of consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

**21. Revenue recognition**

**Revenue from Exchange Transactions:**

The Organization recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its consolidated statement of activities for the year ended June 30, 2025.

**Program fees**

Revenue from program fees include vendor reimbursements, food resales and cost recoveries. Revenue is recorded by the Organization as their performance obligations are met. Usually, this is a point in time when the services are provided.

**Revenue from Non-Exchange Transactions:**

The Organization recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization records the following non-exchange transaction revenue in its consolidated statement of activities for the year ended June 30, 2025:

**Grants from federal programs**

Revenue from grants from federal programs is recognized pro-rata over the contract period as reimbursements are requested and barriers are met.

**United Way**

Revenue from United Way is recognized pro-ratably over the contract period.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note A - Summary of Significant Accounting Policies (continued)**

**Revenue recognition (continued)**

**Grants and donations**

Revenue from grants and donations is recognized at the time the grant or donation is made.

**Capital Campaign donations**

Revenue from donations to the capital campaign is recognized upon receipt of a written pledge or at the time of the donation if there is no pledge.

**Donations in-kind food**

Revenue from donations in-kind of food is recognized at the time the in-kind donation is made.

**Other revenue**

Revenue from miscellaneous sources is recognized at the time the revenue is earned.

**Note B - Cash and Cash Equivalents**

The carrying value of cash and cash equivalents consisted of the following at June 30, 2025:

|                                    |                             |
|------------------------------------|-----------------------------|
| Depository accounts - undesignated | \$ 40,775,329               |
| Designated cash                    | 1,077,571                   |
| Cash on hand                       | 1,550                       |
|                                    | <b><u>\$ 41,854,450</u></b> |

The nature of cash and cash equivalents (carrying value) is as follows at June 30, 2025:

|                   |                             |
|-------------------|-----------------------------|
| Unrestricted cash | \$ 41,346,763               |
| Restricted cash   | 507,687                     |
|                   | <b><u>\$ 41,854,450</u></b> |

Restricted cash consists of funded grants held for other agencies and/or net assets with temporary donor restrictions at year end.

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a total of \$250,000 per institution. Cash bank balances may exceed the FDIC limit at times during the fiscal year. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note C - Liquidity and Availability of Financial Assets**

Financial assets available within one year of June 30, 2025 consisted of the following:

|   |                      |
|---|----------------------|
| Cash and cash equivalents   | \$ 41,854,450        |
| Accounts receivable   | 5,306,179            |
| Less amounts due within one year:   |                      |
| Designated cash   | (1,077,571)          |
| Restricted cash   | <u>(507,687)</u>     |
| <b>Financial assets available to meet cash needs for general expenditures within one year</b> | <b>\$ 45,575,371</b> |

The Board has established a Board designated endowment as of June 30, 2025 as follows:

**Investments**

|                |                            |
|----------------|----------------------------|
| Capital fund   | \$ 533,335                 |
| Endowment fund | <u>517,251</u>             |
| <b>Total</b>   | <b><u>\$ 1,050,586</u></b> |

These designated funds are not included in the liquidity calculation above.

**Note D - Investments**

Beneficial interest in assets held by others consist of the following at June 30, 2025:

|  |                          |
|--|--------------------------|
| Community Foundation of Collier County | \$ 362,822               |
| Collaboratory (SWFCF)                  | 20,113                   |
| Charlotte Community Foundation         | 19,595                   |
| Community Foundation of Collier County | 10,915                   |
| <b>Total</b>                           | <b><u>\$ 413,445</u></b> |

Investments consist of the following at June 30, 2025:

|              |                            |
|--------------|----------------------------|
| Mutual funds | <b><u>\$ 1,050,586</u></b> |
|--------------|----------------------------|

Investments are Board designated. The Board designated endowments of \$1,050,586 are included in the mutual funds and money market accounts as of June 30, 2025. Certain investments are held by a financial institution in a money market fund and mutual funds. These funds are, generally, not subject to FDIC coverage.

**Note E - Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2025:

|                             |              |
|-----------------------------|--------------|
| Capital campaign receivable | \$ 3,246,257 |
| Grants receivable - Federal | 1,440,889    |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note E - Accounts Receivable (continued)**

|   |                            |
|---|----------------------------|
| City of Fort Myers escrow                 | 600,000                    |
| Accounts receivable - purchased food, net | 17,702                     |
| Other receivables                         | 1,331                      |
|   | <b><u>\$ 5,306,179</u></b> |

Management believes these receivables are fully collectible.

**Note F - Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follow:

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

*Level 2* - Inputs to the valuation methodology include:

\*Quoted prices for similar assets or liabilities in active markets.

\*Quoted prices for identical or similar assets or liabilities in inactive markets.

\*Inputs other than quoted prices that are observable for the assets or liability.

\*Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025. The Organization had no financial liabilities as of June 30, 2025.

|  | <u>Assets at Fair Value as of June 30, 2025</u> |                    |                          |                            |
|--|---|--------------------|--------------------------|----------------------------|
|  | (Level 1)                                       | (Level 2)          | (Level 3)                | Total                      |
| Mutual funds                                 | \$ 1,050,586                                    | \$ -               | \$ -                     | \$ 1,050,586               |
| Beneficial interest in assets held by others | -   | -                  | 413,445                  | 413,445                    |
|  | <b><u>\$ 1,050,586</u></b>                      | <b><u>\$ -</u></b> | <b><u>\$ 413,445</u></b> | <b><u>\$ 1,464,031</u></b> |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note F - Fair Value Measurements (continued)**

The fair value of the beneficial interest in assets held by others was not readily determinable through an outside source independent of the Organization. The fair value is based on amounts reported to the Organization museum by the community foundation.

The following table represents a fair value roll forward of the beneficial interest in assets held by others measured at Level 3:

|  |                          |
|--|--------------------------|
| Beginning balance                          | \$ 370,856               |
| Net appreciation/depreciation and earnings | 46,183                   |
| Administrative fees                        | (3,594)                  |
| <b>Ending balance</b>                      | <b><u>\$ 413,445</u></b> |

**Note G - Property and Equipment**

Property and equipment consisted of the following at June 30, 2025:

|                                |                             |
|--------------------------------|-----------------------------|
| Land                           | \$ 6,675,858                |
| Vehicles                       | 3,794,057                   |
| Construction in progress       | 3,084,442                   |
| Furniture and equipment        | 1,158,027                   |
| Building and improvements      | 262,565                     |
| Less: accumulated depreciation | (3,336,105)                 |
|                                | <b><u>\$ 11,638,844</u></b> |

Construction in progress represents costs for the construction of the new building and related expenses.

Depreciation expense for the year ended June 30, 2025 was \$697,995.

**Note H - Leveraged Loan Receivable**

In March 2025, Harry Chapin Food Bank of Southwest Florida, Inc. made a leveraged loan to a qualified equity investment fund (QEI) linked to the Harry Chapin Food Bank of Southwest Florida, Inc.'s financing obtained through the NMTC program. The loans accrue interest at a fixed rate, with interest-only payable annually at a rate of 1% over the first seven years (Compliance Period); annual principal and interest payments are then required through 2054.

After the Compliance Period, there are put and call agreements between the Harry Chapin Food Bank of Southwest Florida, inc. and the investor in the QEI Fund. It is anticipated that the NMTC investor will put their option and Harry Chapin Food Bank of Southwest Florida will own the QEI funds at the end of the Compliance Period. However, if the investor does not put their interest,

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note H - Leveraged Loan Receivable (continued)**

management plans to exercise its option to call. This action will essentially result in forgiveness of these loans as well as extinguishment of Harry Chapin Food Bank of Southwest Florida, Inc.'s related debt (See Note J).

HCFB Fort Myers Investment Fund, LLC with interest accruing at an annual rate of 1%; 1% interest-only annual payments are due through December 2032, and then principal and interest payments of \$1,646,274 are due annually through maturity in December 2054.

**\$ 32,366,375**

**Note I - Other Assets - Reserves**

As a result of the NMTC program, HCFB Holding Company is required to maintain reserves for the qualified community development entities (CDEs). The total CDE reserves as of June 30, 2025 was \$2,475,193.

**Note J - NMTC Notes Payable**

In March 2025, HCFB Holding Company, Inc. obtained financing in an arrangement structured under the NMTC program. This program, enacted by Congress as part of the Community Renewal Tax Relief Act of 2000, permits individual and corporate taxpayers to receive a credit against federal income taxes for making a quality equity investment (QEI) in qualified community development entities (CDEs). The CDEs used substantially all of each QEI to make qualified low-income community investment (QLICI) loans on favorable terms to HCFB Holding Company, Inc. as a qualified active low-income community business (QALICB). These loans were made to HCFB Holding Company, Inc. by the CDEs on March 27, 2025, and are outstanding at June 30, 2025:

|                                       |                             |
|---------------------------------------|-----------------------------|
| CAHEC Sub-CDE XXVII, LLC Note A       | \$ 7,330,000                |
| CAHEC Sub-CDE XXVII, LLC Note B       | 2,670,000                   |
| FCNMF 43, LLC Note A                  | 11,248,000                  |
| FCNMF 43, LLC Note B                  | 4,272,000                   |
| MBS-UI Sub CDE 78, LLC Note A         | 5,820,375                   |
| MBS-UI Sub CDE 78, LLC Note B         | 2,264,625                   |
| NIF Sub 11, LLC Note A                | 5,904,000                   |
| NIF Sub 11, LLC Note B                | 1,936,000                   |
| NIF Sub 11, LLC Note C                | 160,000                     |
| TCDE 132, LLC Note A                  | 2,064,000                   |
| TCDE 132, LLC Note B                  | 936,000                     |
|                                       | <hr/>                       |
|                                       | 44,605,000                  |
| Less: unamortized debt issuance costs | (1,169,259)                 |
|                                       | <hr/>                       |
|                                       | <b><u>\$ 43,435,741</u></b> |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note J - NMTC Notes Payable (continued)**

HCFB Holding Company, Inc. will use the proceeds from the loans for the procurement of land and to begin construction of a new building (See Note T).

All loans have a maturity date of December 1, 2059, with exception of the NIF Sub 11, LLC QLICI Note C that matures on March 27, 2032. Applicable Interest rates are 1.103% on all the loans. Annual interest payments commence in December 2025.

The first seven years of the notes are defined as the Compliance Period. Only interest is paid during the Compliance Period. Thereafter, the loans are amortized with principal and interest payments required through the maturity date on December 1, 2059. The loans can be repaid any time after the Compliance Period.

There are put and call agreements between HCFB Holding Company, Inc. and the investor in the QEI funds (which has ownership interest in the CDEs making the loans above). If the investor does not exercise their put option, HCFB Holding Company, Inc. has the ability to call the ownership in the interest in the QEI funds for fair market value. It is anticipated that the NMTC investor will put their option and the Harry Chapin Food Bank of Southwest Florida, Inc. will own the QEI funds at the end of the Compliance Period. However, if the investor does not put their interest, management plans to exercise its option to call. By acquiring the ownership interests, HCFB Holding Company would be in a position whereby it can forgive the NMTC notes payable, resulting in a substantial reduction in outstanding debt at that point in time and realization of the benefits from the NMTC program (in turn, it is expected that HCFB Holding Company, Inc. would forgive the NMTC notes receivable (See Note H). The loans are collateralized by essentially all HCFB Holding Company, Inc. property and equipment.

**Note K - Long-Term Debt**

Long-term debt consists of the following as of June 30, 2025:

Loan payable, interest at 6.49% per annum, interest only payments beginning April 15, 2025 and continuing though March 15, 2028, followed by 51 consecutive monthly payments of principal in the amount of \$205,882 and accrued interest beginning April 15, 2028 and continuing through June 15, 2032, secured by real and personal property

**\$ 9,000,000**

**Note L - Net Assets**

Net assets consisted of the following at June 30, 2025:

**Net assets without donor restrictions:**

|                                      |                             |
|--------------------------------------|-----------------------------|
| Operating                            | \$ 30,625,396               |
| Investment in property and equipment | 11,638,844                  |
|                                      | <b><u>\$ 42,264,240</u></b> |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note L - Net Assets (continued)**

**Net assets with donor restrictions:**

|                         |                          |
|-------------------------|--------------------------|
| Capital campaign        | \$ 441,687               |
| Collier county pantries | 51,000                   |
| In-school grants        | 15,000                   |
|                         | <b><u>\$ 507,687</u></b> |

**Note M -Net Assets Released from Donor Restrictions**

Net assets were released from donor restrictions during the year ended June 30, 2025 by incurring expenses satisfying the restricted purpose as follows:

**Purpose restriction accomplished:**

|                 |                            |
|-----------------|----------------------------|
| Passage of time | <b><u>\$ 2,153,641</u></b> |
|-----------------|----------------------------|

**Note N -Employee Benefit Plan**

The Organization offers a single employer defined contribution plan to its employees and contributes 4% of eligible compensation to a 401(k) retirement plan (the "Plan") on behalf of all eligible employees whether or not the employee contributes. The Organization also matches employee contributions up to another 4% of the employee's compensation. An employee is eligible to participate in the the Plan immediately upon hire if employed at least 30 hours per week. The Employer does not contribute to the Plan until the month after the employee completes one year of service. The employee is immediately 100% vested in their own contributions. The employee vests 100% in the Organization's contributions in the first month after completion of thirty-six (36) months of qualified employment. Total retirement expense for the year ended June 30, 2025 was \$272,449 and is included in payroll and related expenses, allocated between program and supporting services.

**Note O -Endowment Fund**

On October 3, 2022 the Organization entered into an agreement with Collaboratory (formerly the Southwest Florida Community Foundation)(an unrelated organization) to create an endowment fund for the benefit of the Organization (beneficial interest). The agreement called for a \$5,000 contribution by the Organization to the Collaboratory that was matched by the Collaboratory, creating a total endowment of \$10,000.

During the year ending June 30, 2015, the Organization entered into similar agreements with two additional unrelated local community foundations. The Organization made two contributions totaling \$7,000. One agreement called for a \$5,000 contribution by the Organization with a respective match by the foundation creating a total endowment of \$10,000. The other agreement called for a \$2,000 contribution by the Organization with no match provided by the respective foundation.

The assets of all three (3) agreements are the property of the respective local foundations in

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note O - Endowment Fund (continued)**

accordance with the terms of the agreements and are not available for distribution to the Organization. The assets of each agreement fund are held for the benefit of the Organization and the income from the fund is available to be distributed to the Organization annually subject to the approval of each individual foundation. Annual income from each agreement has, historically, been reinvested by the respective foundations at the direction of the Organization. Once the annual income has been reinvested it historically, has then not been available for future distribution to the Organization. Each agreement also incurs investment management costs. The endowment fund agreements permit additional endowment gifts to be contributed. During the year ended June 30, 2025, net investment gains (losses) including additional contributions, net of investment management costs totaled a gain of \$42,589. The total endowment held by the foundations for the benefit of the Organization at June 30, 2025 was \$413,445.

**Note P - Commitments and Contingencies**

The Organization is currently receiving and previously has received grants, contracts, and other third party funds which are subject to special compliance audits by the grantor and other third party agencies that provided these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of the Organization. Such liabilities are not reflected within the consolidated financial statements of the Organization, as management does not believe any material contingent liabilities exist.

**Note Q - Leases**

The Organization has operating leases primarily associated with office space. The operating leases have initial terms of 2 to 4 years, with options that permit renewal for additional periods. The exercise of lease renewal options is at the Organization's sole discretion. The Organization only includes these renewal options in its lease terms if they are reasonably certain to be exercised.

The components of lease expense for the year ended June 30, 2025 as follows:

**Lease cost**

|                      |            |
|----------------------|------------|
| Operating lease cost | \$ 541,312 |
|----------------------|------------|

As the Organization's leases do not provide an implicit rate, the Organization determines the incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The assumptions used in accounting for ASC 842 for the year ended June 30, 2025 were as follows:

|   | <u>Operating</u> |
|---|------------------|
| Weighted-average remaining lease terms (in years) | 2                |
| Weighted-average discount rate                    | 8%               |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note Q - Leases (continued)**

Future minimum operating lease payments as of June 30, 2025 were as follows:

| <u>For the year ending June 30,</u>                               | Operating         |
|---|-------------------|
| 2026  | \$ 731,680        |
| 2027  | <u>395,134</u>    |
| Total required future lease payments                              | 1,126,814         |
| Less: amounts representing interest                               | (87,620)          |
| Less: current portion of operating lease liability                | <u>(731,680)</u>  |
| <b>Present value of lease liabilities, net of current portion</b> | <b>\$ 307,514</b> |

**Note R - Litigation**

The Organization is involved, from time to time in routine litigation, the substance of which would not materially affect its financial position, due to third party insurance coverage and/or federal tort limits. The Organization is not in a position to predict a final outcome of such lawsuits or claims, or the related costs involved. The Organization intends to vigorously contest all claims unless first settled. Management is not aware of any asserted claims at June 30, 2025.

**Note S - Inventory Valuation**

On July 1 of each year the Organization revalues its inventory by implementing the current Feeding America food rate per pound. For the years ended June 30, 2025, inventory valuation the Feeding America rate for USDA products was \$1.78 and non-USDA products was \$1.90.

**Note T - Capital Campaign and New Building Project**

Harry Chapin Food Bank Board of Directors approved commencing a Capital Campaign beginning in June of 2023 for a new building project.

The capital project will transform the Harry Chapin Food Bank's ability to serve our communities—from the daily challenges of hunger that many children, families, seniors, and residents face to the extraordinary demands of disasters and emergencies. It will also bring new awareness to the challenge of hunger in Southwest Florida, rallying our community with a shared spirit of caring for our neighbors to fight hunger, together.

The scope of the project is to purchase land and build a modern warehouse that will accommodate current demands and future growth. On March 27, 2025, the Organization entered into state and federal New Market Tax Credits (NMTC) financing for the land purchase and construction of a new building (See Notes H and J). Construction of the building commenced in March 2025 and is expected to be completed in December 2026.

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2025**

**Note U - Subsequent Events**

Management has assessed subsequent events through October 6, 2025, the date on which the financial statements were available to be issued and has determined that there were no material subsequent events identified.

*Supplementary Information*

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

| <u>FEDERAL AWARDS</u>   | <u>Grantor/Pass Through Entity</u> | <u>CFDA Number</u> | <u>Contract/Pass-Through Grantor Number</u> | <u>Award Amount</u> | <u>Revenue Recognized</u> | <u>Disbursements/Expenditures</u> | <u>Pass through to Subrecipients</u> |  |  |  |  |  |  |
|---|------------------------------------|--------------------|---|---------------------|---------------------------|-----------------------------------|--------------------------------------|--|--|--|--|--|--|
|   |                                    |                    |   |                     | <u>Recognized</u>         |                                   |                                      |  |  |  |  |  |  |
| <b>U.S. Department of Agriculture</b>   |                                    |                    |   |                     |                           |                                   |                                      |  |  |  |  |  |  |
| <b>Passed through:</b>  |                                    |                    |   |                     |                           |                                   |                                      |  |  |  |  |  |  |
| <b>Florida Department of Agriculture and Consumer Services</b>                              |                                    |                    |   |                     |                           |                                   |                                      |  |  |  |  |  |  |
| Administrative Costs 22/23 (CSFP)   | 10.565                             | 28148              |   | \$ 313,163          | \$ 89,318 (1)             | \$ 49,075                         | \$ -                                 |  |  |  |  |  |  |
| Food Commodities - Non Cash (CSFP)  | 10.565                             | 28148              |   | 396,493             | 635,930                   | 601,374                           | 601,374                              |  |  |  |  |  |  |
| Administrative Costs 22/23 USDA/TEFAP   | 10.568                             | 27883              | 1,579,644                                   | 208,074 (2)         |                           | 81,296                            | -                                    |  |  |  |  |  |  |
| Food Commodities - Non Cash (USDA/TEFAP)  | 10.569                             | 27883              | 4,486,319                                   | 8,511,466           |                           | 8,597,865                         | 8,597,865                            |  |  |  |  |  |  |
| Administrative Costs 22/23 (USDA/TEFAP/CCC)   | 10.187                             | 29729              | 302,900                                     | 54,000              |                           | 54,000                            | -                                    |  |  |  |  |  |  |
| Food Commodities - Non Cash (USDA/TEFAP/CCC)  | 10.187                             | 29729              | 3,402,890                                   | 2,604,811           |                           | 2,722,089                         | 2,722,089                            |  |  |  |  |  |  |
| <b>Feeding Florida</b>  |                                    |                    |   |                     |                           |                                   |                                      |  |  |  |  |  |  |
| Supplemental Nutrition Assistance Program (SNAP) - Administrative Costs - SNAP -Ed Services | 10.561                             | LF935              |   | 556,468             | 587,433 (3)               | 446,598                           | -                                    |  |  |  |  |  |  |
| Total of U.S. Department of Agriculture (Food Distribution Cluster)                         |                                    |                    |   | 12,691,032          |                           | 12,552,297                        | 11,921,328                           |  |  |  |  |  |  |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2025**

| <u>U.S. Department of Homeland Security (FEMA)</u> | CFDA<br>Number | Contract/Pass-Through<br>Grantor Number | Award<br>Amount | Revenue<br>Recognized | Pass through<br>to<br>subrecipients |                                |  |  |  |  |
|--|----------------|---|-----------------|-----------------------|-------------------------------------|--------------------------------|--|--|--|--|
|  |                |   |                 |                       | Disbursements/<br>Expenditures      | Disbursements/<br>Expenditures |  |  |  |  |
| <b>Passed Through:</b>                             |                |   |                 |                       |                                     |                                |  |  |  |  |
| <b>United Way of America</b>                       |                |   |                 |                       |                                     |                                |  |  |  |  |
| <b>Emergency Food and Shelter Program (EFSP)</b>   |                |   |                 |                       |                                     |                                |  |  |  |  |
| Glades County                                      | 97.024         | 162400-004                              | 3,109           | 3,109                 | 3,109                               | 3,109                          |  |  |  |  |
| Lee County   | 97.024         | 165400-012                              | 49,000          | 24,500                | 24,500                              | 24,500                         |  |  |  |  |
| Hendry County                                      | 97.024         | 163200-017                              | 3,000           | 1,500                 | 1,500                               | 1,500                          |  |  |  |  |
| Total of U.S. Department of Homeland Security      |                |   | 29,109          | 29,109                | 29,109                              | 29,109                         |  |  |  |  |
| <b>Total Federal Awards</b>                        |                |   |                 |                       | <b>\$ 12,720,141</b>                | <b>\$ 12,581,406</b>           |  |  |  |  |
| (1) Includes receivables of \$40,243               |                |   |                 |                       |                                     |                                |  |  |  |  |
| (2) Includes receivables of \$126,778              |                |   |                 |                       |                                     |                                |  |  |  |  |
| (3) Includes receivables of \$140,835              |                |   |                 |                       |                                     |                                |  |  |  |  |

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

**Note A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary (the "Organization") and is presented in accordance with accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

**Note B - Summary of Significant Accounting Policies**

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

**Note C - Food Distribution**

Included in the Schedule of Expenditures of Federal Awards are in-kind food items received through The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP). For the fiscal year ended June 30, 2025, the value of these contributions and related inventory are based on price lists provided by Feeding America and the Florida Department of Agriculture and Consumer Services, respectively

**Note D - Contingencies**

The Federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Organization's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization believes the Unit to be in substantial compliance and therefore expects such amounts, if any, to be immaterial.

**Note E - Indirect Costs**

The Organization records all expenditures of federal awards using the direct cost method. In this manner, the Organization has elected not to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors  
Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary  
Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary (the "Organization", a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 6, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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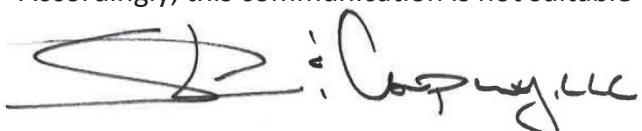
weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "SD : Company, LLC".

Stroemer & Company, LLC

Fort Myers, Florida

October 6, 2025



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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

To the Board of Directors  
Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary  
Fort Myers, Florida

**Report on Compliance for Each Major Federal Program and State Project**

**Opinion on Each Major Federal Program and State Project**

We have audited Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary's, (the "Organization") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025

**Basis for Opinion on Each Major Federal Program and State Project**

We conducted our audit compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements related to the above.

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## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provision of contracts or grant agreements applicable to the Organization's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

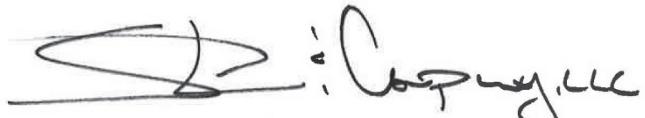
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the

Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, material weaknesses or significant discrepancies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "SD: Stroemer & Company, LLC".

Stroemer & Company, LLC

Fort Myers, Florida

October 6, 2025

**Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary**  
**Schedule of Findings and Questioned Costs - Federal Awards**  
**For the Year Ended June 30, 2025**

**Section I - Summary of Auditor's Results**

**Consolidated Financial Statements**

|  |               |
|--|---------------|
| Type of auditor's report issued                                    | Unmodified    |
| Internal control over financial reporting:                         |               |
| Material weakness(es) identified?                                  | No            |
| Significant deficiency(ies) identified?                            | None reported |
| Noncompliance material to consolidated financial statements noted? | No            |

**Federal Awards**

Internal control over major programs:

|  |               |
|--|---------------|
| Material weakness(es) identified?  | No            |
| Significant deficiency(ies) identified?  | None reported |
| Type of auditor's report issued on compliance for major programs   | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No            |

**Identification of major programs (Type A):**

| CFDA Number(s)  | Name of Federal Program or Cluster                               |
|---|--|
| 10.569  | U.S. Department of Agriculture<br>(Commodity Credit Corporation) |
| Dollar Threshold used to distinguish between Type A and Type B Threshold used was<br>programs | \$750,000  |
| Auditee qualified as low-risk auditee?  | Yes  |

**Section II - Financial Statement Findings**

There were no material weaknesses or instances of noncompliance related to the consolidated financial statements.

**Section III - Federal Award Findings and Questioned Costs**

There were no audit findings related to federal awards required to be reported by 2 CFR Section 200.516(a).

**Section IV - Status of Federal Awards Prior Year Findings**

There were no findings related to prior year findings.



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### Independent Auditor's Report to Management

To the Board of Directors  
Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary  
Fort Myers, Florida

We have audited the consolidated financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. and Subsidiary (the "Organization") as of and for the fiscal year ended, June 30, 2025, and have issued our report thereon dated October 6, 2025.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and our Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, and Schedule of Findings and Questioned Costs Federal Awards, and the disclosures in those reports and schedule, which are dated October 6, 2025, should be considered in conjunction with this management letter.

***Prior year comments that continue to apply:***

None

***Current year comments that continue to apply:***

None

Stroemer & Company, LLC  
Fort Myers, Florida  
October 6, 2025

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