

Food Bank of Eastern Michigan

Financial Statements

**September 30, 2025
(With Summarized Comparative
Information for 2024)**



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Management and the Board of Directors
Food Bank of Eastern Michigan
Flint, Michigan

Opinion

We have audited the accompanying financial statements of Food Bank of Eastern Michigan (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of Eastern Michigan as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food Bank of Eastern Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 financial statements.

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

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

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

Report on Summarized Comparative Information

We have previously audited the Food Bank of Eastern Michigan's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2026, on our consideration of Food Bank of Eastern Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Food Bank of Eastern Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank of Eastern Michigan's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.
Flint, Michigan
April 29, 2026

Food Bank of Eastern Michigan
Statement of Financial Position
September 30, 2025
(With Summarized Comparative Information for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,981,851	\$ 542,009
Shared maintenance fees receivable	188,784	213,556
Grants and contributions receivable	956,921	898,307
Inventory	3,704,966	4,154,598
Prepaid expenses	<u>100,855</u>	<u>56,688</u>
Total current assets	7,933,377	5,865,158
Property and equipment, net	11,046,128	11,574,324
Other assets		
Investments	<u>20,700,924</u>	<u>21,866,326</u>
Total assets	<u>\$ 39,680,429</u>	<u>\$ 39,305,808</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 949,547	\$ 1,470,014
Accrued expenses	376,267	295,156
Refundable advance	<u>3,100,641</u>	<u>3,686,571</u>
Total liabilities	<u>4,426,455</u>	<u>5,451,741</u>
Net assets		
Without donor restrictions		
Undesignated	22,488,840	21,779,565
Invested in property of equipment, net of related debt	<u>11,046,128</u>	<u>11,574,324</u>
Total without donor restrictions	33,534,968	33,353,889
With donor restrictions		
Purpose restrictions	<u>1,719,006</u>	<u>500,178</u>
Total net assets	<u>35,253,974</u>	<u>33,854,067</u>
Total liabilities and net assets	<u>\$ 39,680,429</u>	<u>\$ 39,305,808</u>

See Accompanying Notes to the Financial Statements

Food Bank of Eastern Michigan
Statement of Activities
For the Year Ended September, 30 2025
(With Summarized Comparative Information for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024
Revenue, support and gains (losses)				
Contributions from the public	\$ 4,757,123	\$ -	\$ 4,757,123	\$ 3,601,077
United Way allocations	10,014	-	10,014	11,387
Grants and contracts from governmental agencies	-	5,050,516	5,050,516	6,320,814
Other grants	684,820	1,379,004	2,063,824	875,787
Contributions of nonfinancial assets	56,923,894	-	56,923,894	60,968,947
Net investment income	2,174,870	-	2,174,870	3,891,810
Shared maintenance	3,842,322	-	3,842,322	3,256,586
Miscellaneous income	154,844	-	154,844	315,710
Net assets released from restrictions	5,210,692	(5,210,692)	-	-
Total revenue, support and gains (losses)	73,758,579	1,218,828	74,977,407	79,242,118
Expenses				
Program services	71,706,703	-	71,706,703	76,363,089
Management and general	1,028,318	-	1,028,318	912,671
Fundraising	842,479	-	842,479	688,624
Total expenses	73,577,500	-	73,577,500	77,964,384
Change in net assets	181,079	1,218,828	1,399,907	1,277,734
Net assets - beginning of year	33,353,889	500,178	33,854,067	32,576,333
Net assets - end of year	\$ 33,534,968	\$ 1,719,006	\$ 35,253,974	\$ 33,854,067

See Accompanying Notes to the Financial Statements

Food Bank of Eastern Michigan
Statement of Functional Expenses
For the Year Ended September, 30 2025
(With Summarized Comparative Information for 2024)

	Total Program Services	Management and General	Fundraising	Total	
				2025	2024
Salaries and related costs					
Salaries and wages	\$ 3,625,725	\$ 556,828	\$ 488,113	\$ 4,670,666	\$ 4,454,289
Payroll taxes	314,183	46,604	41,816	402,603	380,744
Employee benefits	505,361	70,618	65,990	641,969	466,570
Retirement	309,386	48,209	41,854	399,449	353,560
Total salaries and related costs	4,754,655	722,259	637,773	6,114,687	5,655,163
Bad debt	-	8,340	-	8,340	-
Conferences, conventions and meetings	170	19	21	210	2,991
Contract services	237,656	25,880	28,892	292,428	235,411
Depreciation	905,954	60,397	40,264	1,006,615	945,555
Dues	66,089	7,197	8,034	81,320	67,466
Employee expense	63,504	6,915	7,721	78,140	59,153
Food distribution	62,355,110	-	-	62,355,110	67,300,266
Insurance	144,255	15,708	17,537	177,500	171,985
Miscellaneous	117,108	12,753	14,237	144,098	130,792
Occupancy	377,317	41,089	45,871	464,277	436,649
Printing, postage and publications	93,373	10,168	11,351	114,892	116,849
Professional fees	-	90,024	-	90,024	52,823
Supplies	235,286	25,622	28,604	289,512	234,731
Support of other organizations	1,585,427	-	-	1,585,427	1,839,472
Telephone	17,883	1,947	2,174	22,004	21,539
Transportation	752,916	-	-	752,916	693,539
Total expenses included in expenses section on the statement of activities	\$ 71,706,703	\$ 1,028,318	\$ 842,479	\$ 73,577,500	\$ 77,964,384

Food Bank of Eastern Michigan
Statement of Cash Flows
For the Year Ended September, 30 2025
(With Summarized Comparative Information for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 1,399,907	\$ 1,277,734
Items not requiring cash		
Depreciation	1,006,615	945,555
Bad debt	8,340	-
Gain on disposal of equipment	-	(9,000)
Unrealized gain on investments	(1,489,803)	(3,338,910)
Realized (gain) loss on investments	(117,459)	24,138
Changes in operating assets and liabilities		
Shared maintenance fees receivable	24,772	14,899
Grants and contributions receivable	(66,954)	81,783
Inventory	449,632	(946,879)
Prepaid expenses	(44,167)	6,308
Accounts payable	(520,467)	706,905
Accrued expenses	81,111	52,511
Refundable advance	(585,930)	1,006,783
	<u>145,597</u>	<u>(178,173)</u>
Cash flows from investing activities		
Purchases of property and equipment	(478,419)	(631,062)
Proceeds from sale of property and equipment	-	9,000
Purchases of investments	(1,862,353)	(10,203,143)
Proceeds from sales of investments	<u>4,635,017</u>	<u>11,003,515</u>
	<u>2,294,245</u>	<u>178,310</u>
Net cash provided by investing activities		
	<u>2,439,842</u>	137
Net change in cash and cash equivalents		
	<u>542,009</u>	<u>541,872</u>
Cash and cash equivalents - beginning of year		
	<u>\$ 2,981,851</u>	<u>\$ 542,009</u>
Cash and cash equivalents - end of year		
	<u>\$ 2,981,851</u>	<u>\$ 542,009</u>
Supplementary information		
Interest paid	<u>\$ 11</u>	<u>\$ 14,156</u>

See Accompanying Notes to the Financial Statements

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2025
(With Summarized Comparative Information for 2024)

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Food Bank of Eastern Michigan (Food Bank) is a nonprofit charitable Food Bank whose purpose is to alleviate hunger and other needs by soliciting, storing and distributing goods to charitable service agencies serving the needy, ill and infants. The Food Bank services the eastern half of the State of Michigan north of Livingston County.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Food Bank records donor restricted cash contributions that are received and expended in the same year as revenue with donor restrictions.

The Food Bank obtains donations under federal grants administered through state and local agencies.

- The USDA – TEFAP Program whereby the Food Bank provides temporary emergency food assistance to the participating agencies and is partially funded through the State of Michigan Department of Education, acting for the United States Department of Agriculture (USDA).

Comparative Financial Information

The financial information for the year ended September 30, 2024 is presented for comparative purposes is not intended to be a complete financial statement presentation.

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2025
(With Summarized Comparative Information for 2024)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Food Bank considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of September 30, 2025, \$2,828,921 of cash and cash equivalents was in excess of the amount insured by the FDIC.

Shared Maintenance Fees, Grants, Contributions, Pledges, and Accounts Receivable

The Food Bank charges a shared maintenance fee to the recipient agency, church or other charitable Food Bank which takes the donated food and commodities and redistributes to the poor, needy and hungry. The Food Bank also distributes donated food to its Feeding America affiliates. This fee offsets a portion of the handling and redistribution costs incurred by the Food Bank.

Contributions and pledges receivable are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. These receivables are recognized as revenue in the statement of activities on the line items contributions from the public and grants.

Management considers all receivables to be fully collectible; accordingly, no allowance for credit losses is recorded. Uncollectible accounts are determined by management based on analysis of specific accounts, taking into consideration the age of past due accounts, an assessment of ability to pay, current conditions, and reasonable and supportable forecasts. Individual receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless. Bad debt expense for the years ended September 30, 2025 and 2024 were \$8,340 and \$0, respectively.

Inventories

Federal commodity inventory donated to the Food Bank is capitalized as inventory and offset by deferred revenue. Upon distribution, the food is recorded as both a contribution and an expense, and the deferred revenue is relieved.

Other food donated to the Food Bank is capitalized as inventory and recorded as a contribution without donor restrictions. Upon distribution, the food is recorded as a decrease in net assets without donor restrictions and an expense under food.

Investments

Investments in marketable securities with readily determined fair values and all investments in debt securities are valued at the fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment

Acquired assets are stated at cost and donated assets at fair market value. Expenditures for new acquisitions, renewals, and betterments, which increase productive capacity or prolong service lives of the property and equipment are capitalized. Maintenance and repairs which do not enhance the value or extend the useful life are charged to costs and expensed as incurred.

Depreciation for financial reporting is computed by the straight-line method using lives which range from five to forty years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2025
(With Summarized Comparative Information for 2024)

donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Bank reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Long-Lived Assets

The Food Bank evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Donated Services and Goods

The Food Bank records the value of donated goods as contributions using estimated fair values at the date of receipt. The Food Bank's policy is to utilize, rather than monetize, donated services and goods.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Refundable Advances

Amounts recorded as refundable advances for the years ended September 30, 2025 and 2024, represent advance payments on accounts received from the Food Bank partner agencies, certain payments received where the revenue recognition criteria has not yet been met, and federal commodity inventory.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated based on actual time spent in each functional classification and/or charged directly to functional classifications based on their nature for all expenses except depreciation, which is allocated based on square footage.

Income Tax Status

The Food Bank is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Food Bank files informational returns in the U.S. federal and Michigan jurisdictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through April 29, 2026, which is the date the financial statements were available to be issued.

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2025
(With Summarized Comparative Information for 2024)

Note 2 - Liquidity and Availability

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

	2025	2024
Cash and cash equivalents	\$ 2,981,851	\$ 542,009
Shared maintenance receivable	188,784	213,556
Grants and contributions receivable	956,921	898,307
Investments	20,700,924	21,866,326
 Total financial assets - end of year	 24,828,480	 23,520,198
 Less: Financial assets unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(1,719,006)	(500,178)
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 23,109,474</u>	 <u>\$ 23,020,020</u>

The Food Bank does not have a policy to maintain a particular amount of days of operating expenses as liquid assets. The Food Bank is substantially supported by grant revenues and other fees that renew annually, charged regularly, and/or are received on a frequent basis throughout the year. As such, the future cash needs of the Food Bank are substantially met by these receipts, which are received at approximately the same time as expenses are incurred. Additionally, the Food Bank has an available line of credit and significant investments to help manage liquidity issues, should they arise.

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2025
(With Summarized Comparative Information for 2024)

Note 3 - Inventory

Activities of donated food inventory are summarized as follows:

	2025		2024	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	783,500	\$ 1,543,495	\$ 702,414	\$ 1,355,658
Pounds received	21,993,125	41,786,937	21,743,920	42,864,619
Pounds distributed	(22,151,801)	(42,088,420)	(21,653,992)	(42,658,362)
Net adjustments	(102,200)	(249,028)	(8,842)	(18,420)
	522,624	\$ 992,984	\$ 783,500	\$ 1,543,495

In addition to general donated food, the Food Bank also maintains an inventory of USDA-specific donated food as follows:

	2025		2024	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	1,174,033	\$ 2,042,817	712,415	\$ 1,118,492
Pounds received	8,809,091	15,151,637	11,115,528	19,461,128
Pounds distributed	(8,800,556)	(15,136,957)	(10,421,509)	(18,133,425)
Net adjustments	(84,989)	(169,661)	(232,401)	(403,378)
	1,097,579	\$ 1,887,836	1,174,033	\$ 2,042,817

The estimated value of USDA food for 2025 and 2024 was \$1.72 and \$1.74 per pound, respectively. The estimated value of other donated food for 2025 and 2024 was \$1.90 and \$1.97 per pound, respectively. USDA food includes all federal commodities.

Food Bank of Eastern Michigan
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(With Summarized Comparative Information for 2024)

In addition to donated and USDA food, the Food Bank also maintains an inventory for purchased food as follows:

	2025		2024	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	528,736	\$ 561,090	669,068	\$ 733,569
Pounds received	5,764,658	10,952,850	6,856,168	8,503,181
Pounds distributed	(6,284,024)	(11,939,884)	(7,573,067)	(9,390,603)
Net adjustments	<u>653,973</u>	<u>1,242,549</u>	<u>576,567</u>	<u>714,943</u>
	<u>663,343</u>	<u>\$ 816,605</u>	<u>528,736</u>	<u>\$ 561,090</u>

Net adjustments in the tables above consist of various transactions that were not actual receipts or disbursements of product. These include item number changes, product transformation (bulk items received are transformed into many smaller items for distribution, adding packaging weight), and the change in price per pound of donated food from the prior year to the current year.

Purchased food is valued at purchase price.

Food Bank of Eastern Michigan also maintained a balance for inventory related to FEMA or LFPA valued at \$7,541 and \$7,196 for the years ended September 30, 2025 and 2024, respectively.

Note 4 - Investments

Investments are stated at fair value and are summarized as of September 30, 2025 and 2024 as follows:

	2025	2024
Available for sale		
Money market funds	\$ 171,111	\$ 160,788
Mutual funds	6,082,265	5,373,466
Exchange traded funds	4,539,228	4,195,923
Fixed income and equities	<u>9,908,320</u>	<u>12,136,149</u>
 Total available for sale	 <u>\$ 20,700,924</u>	 <u>\$ 21,866,326</u>

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Total appreciation above the cost of investments is detailed as follows for the years ended September 30:

	2025	2024
Unrealized appreciation	<u>\$ 3,361,782</u>	<u>\$ 1,754,519</u>

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2025
(With Summarized Comparative Information for 2024)

Investment income is summarized as follows for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 659,188	\$ 663,395
Realized gain (loss)	117,459	(24,138)
Unrealized gain	1,489,803	3,338,910
Less: investment fees	<u>(91,580)</u>	<u>(86,357)</u>
 Total investment income	 <u>\$ 2,174,870</u>	 <u>\$ 3,891,810</u>

Note 5 - Property and Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 213,893	\$ 213,893
Building	7,325,901	7,325,901
Building improvements	7,650,519	7,617,041
Furniture and equipment	2,148,615	2,031,708
Vehicles	<u>4,005,010</u>	<u>3,676,978</u>
 Accumulated depreciation	 <u>21,343,938</u> <u>(10,297,810)</u>	 <u>20,865,521</u> <u>(9,291,197)</u>
 Property and equipment, net	 <u>\$ 11,046,128</u>	 <u>\$ 11,574,324</u>

Note 6 - Leases

The Organization subleases space to various entities. These lessor agreements are operating leases with terms of two years. Certain components of these lease agreements provide for variable rentals based on usage in excess of specified levels. The leases do not transfer ownership of the leased assets and do not provide an option for the lessees to purchase the assets. These agreements are cancelable with 90-days' notice.

The following table summarizes lease income for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Space	<u>\$ 104,485</u>	<u>\$ 256,785</u>

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Notes to the Financial Statements
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(With Summarized Comparative Information for 2024)

The following table summarizes the carrying amounts of the underlying assets related to operating leases:

	2025	2024
Buildings	\$ 2,736,869	\$ 2,736,869
Less : accumulated depreciation	(256,581)	(188,160)
Total cost, net	\$ 2,480,288	\$ 2,548,709

These agreements are all considered to be short-term and future payments are unknown.

Note 7 - Line of Credit

The Food Bank has a \$750,000 revolving line of credit that is due on demand and is collateralized by investments held at the same financial institution. The interest rate as of year end is 8.00%. The balance was \$0 for both years ended September 30, 2025 and 2024, respectively.

Note 8 - Compensated Absences

Full time employees are eligible to earn and accumulate time off. During the first two years of employment, a full time employee earns 10 days of paid time off, after two years of employment employees earn 17 days of paid time off, after five years of employment employees earn 25 days of paid time off, and after fifteen years of employment employees earn 30 days of paid time off. Part time employees earn 1 hour of paid time off for each 30 hours worked.

Accrued compensated absences recorded in accrued expenses on the statement of net position were \$213,370 and \$167,383 at September 30, 2025 and 2024, respectively.

Note 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at September 30, 2025 and 2024:

	2025	2024
Subject to expenditure for specified purpose:		
Education of children	\$ 470,000	\$ 470,000
Expansion projects	1,126,241	-
General food and water distribution	122,765	30,178
Total net assets with donor restrictions	\$ 1,719,006	\$ 500,178

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2025
(With Summarized Comparative Information for 2024)

Note 10 - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2025 and 2024:

	2025	2024
Satisfaction of purpose restrictions		
Educational programs and food distribution	\$ 5,210,692	\$ 6,784,874

Note 11 - Conditional Contributions

During the fiscal year, the Food Bank received conditional contributions related to local, state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose and various compliance requirements. The conditional contributions consisted of the following for the year ended September 30, 2025:

Condition/ Grant Purpose	Total Contract/ Grant Amount	Spent to Date	Conditional Contribution
Food distribution	\$ 1,094,230	\$ 548,918	\$ 545,312

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Note 12 - Contributed Nonfinancial Assets

Contributed nonfinancial assets for the year ended September 30, 2025 were:

Category	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Volunteer services	\$ -	Community food banks	None	Criteria for recording revenues not met; approximately 13,000 hours donated
Donated food and goods	<u>56,923,894</u>	Food distribution - program	None	Items generally include food items donated to the Food Bank of Eastern Michigan for the distribution to others. Values are based on a per pound basis and are confirmed by a third party audit firm. During the year, prices per pound was \$1.90 for donated food and \$1.72 for USDA.
	<u>\$ 56,923,894</u>			

Contributed nonfinancial assets for the year ended September 30, 2024 were:

Category	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Volunteer services	\$ -	Community food banks	None	Criteria for recording revenues not met; approximately 12,000 hours donated
Donated food and goods	<u>60,968,947</u>	Food distribution - program	None	Items generally include food items donated to the Food Bank of Eastern Michigan for the distribution to others. Values are based on a per pound basis and are confirmed by a third party audit firm. During the year, prices per pound was \$1.97 for donated food and \$1.74 for USDA.
	<u>\$ 60,968,947</u>			

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Note 13 - Retirement Plan

The Food Bank maintains a 401(k) profit sharing pension plan. Employees are eligible to participate at the semiannual entrance date after one year of service and attainment of 21 years of age. The plan allows for discretionary contributions by the Food Bank plus matching contributions up to 10% of employee compensation. The Food Bank's contribution amounted to \$399,449 and \$353,560 for 2025 and 2024, respectively.

Note 14 - Contingencies

The Food Bank participates in a number of federal, state and locally assisted grant programs. In accordance with the Uniform Guidance, compliance audits of federal grants were made during the current year and have been reported under a separate cover. However, specific grantors have yet to make final approval of expenditures that may be disallowed by the grantor agencies. Management believes that such amounts, if any, to be immaterial.