



# Financial Statements

As of and for the years ended June 30, 2025 and 2024

## Food Gatherers

Ann Arbor, Michigan



**ALTRUICADVISORS**<sup>®</sup>  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
*...helping nonprofits create good*<sup>®</sup>



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# Food Gatherers

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## **Independent Auditors' Report**

To the Board of Directors  
Food Gatherers  
Ann Arbor, Michigan

### **Opinion**

We have audited the accompanying financial statements of Food Gatherers (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Food Gatherers as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Gatherers and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 Gatherers' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Independent Auditors' Report (continued)**

### **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 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 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, 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 Gatherers' 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 Gatherers' 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, on our consideration of Food Gatherers' 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 Gatherers' 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 Gatherers' internal control over financial reporting and compliance.

*Altruic Advisors, CPAs*

Certified Public Accountants

Plymouth, Michigan  
October 31, 2025

# Food Gatherers

## Statements of Financial Position

June 30	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,800,036	\$ 4,142,763
Investments	8,390,869	7,595,760
Food inventory, net of allowance for spoilage of \$42,709 in 2025 and \$49,682 in 2024	1,082,205	1,305,242
Pledges and grants receivable	607,762	247,366
Accounts receivable	58,156	32,715
Prepaid expenses	68,903	69,772
Total current assets	<u>14,007,931</u>	<u>13,393,618</u>
<b>Property and Equipment</b>		
Equipment and furniture	760,081	669,822
Vehicles	55,976	55,976
Building and improvements	5,080,240	5,238,057
Land	165,613	165,613
Less accumulated depreciation	(2,450,171)	(2,450,119)
Equipment not yet in service	-	7,546
Net property and equipment	<u>3,611,739</u>	<u>3,686,895</u>
<b>Other Assets</b>		
Beneficial interest in assets held by foundation	331,501	300,346
Right-of-use assets, net	358,463	266,816
Total other assets	<u>689,964</u>	<u>567,162</u>
Total assets	<u>\$ 18,309,634</u>	<u>\$ 17,647,675</u>

# Food Gatherers

## Statements of Financial Position (continued)

June 30	2025	2024
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 54,815	\$ 91,780
Accrued compensation and benefits	103,021	152,119
Current portion of operating lease obligations	99,384	73,639
Total current liabilities	<u>257,220</u>	<u>317,538</u>
<b>Long-Term Liabilities</b>		
Operating lease obligations, net of current portion	<u>259,079</u>	<u>193,177</u>
Total liabilities	<u>516,299</u>	<u>510,715</u>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	8,197,037	8,646,095
Net property and equipment	3,611,739	3,686,895
Board-designated endowment	331,501	300,346
Board-designated for operations	5,117,575	4,148,500
Total without donor restrictions	<u>17,257,852</u>	<u>16,781,836</u>
With donor restrictions	<u>535,483</u>	<u>355,124</u>
Total net assets	<u>17,793,335</u>	<u>17,136,960</u>
Total liabilities and net assets	<u>\$ 18,309,634</u>	<u>\$ 17,647,675</u>

# Food Gatherers

## Statement of Activities

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue</b>			
<b>Operating Support</b>			
In-kind contributions and grants	\$ 14,394,355	\$ -	\$ 14,394,355
Contributions	4,767,376	-	4,767,376
Grants	2,274,554	548,816	2,823,370
Special event, net of expenses of \$29,926	560,526	-	560,526
Net assets released from restrictions			
Expiration of time restrictions	247,366	(247,366)	-
Satisfaction of purpose restrictions	121,091	(121,091)	-
Total operating support	<u>22,365,268</u>	<u>180,359</u>	<u>22,545,627</u>
<b>Operating Revenue</b>			
Food bank revenue	424,640	-	424,640
Other revenue	3,136	-	3,136
Total operating revenue	<u>427,776</u>	<u>-</u>	<u>427,776</u>
Total operating support and revenue	<u>22,793,044</u>	<u>180,359</u>	<u>22,973,403</u>
<b>Operating Expenses</b>			
Program services			
Food rescue and distribution	20,547,408	-	20,547,408
Community kitchen	957,526	-	957,526
Summer food service program	564,318	-	564,318
Total program services	<u>22,069,252</u>	<u>-</u>	<u>22,069,252</u>
Supporting services			
General and administrative	373,086	-	373,086
Fundraising	605,373	-	605,373
Total supporting services	<u>978,459</u>	<u>-</u>	<u>978,459</u>
Total operating expenses	<u>23,047,711</u>	<u>-</u>	<u>23,047,711</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>(254,667)</u>	<u>180,359</u>	<u>(74,308)</u>
<b>Other Changes</b>			
Investment income	699,528	-	699,528
Change in value of beneficial interest in assets held by foundation	31,155	-	31,155
Total other changes	<u>730,683</u>	<u>-</u>	<u>730,683</u>
<b>Change in Net Assets</b>	<u>476,016</u>	<u>180,359</u>	<u>656,375</u>
<b>Net Assets, Beginning of Year</b>	<u>16,781,836</u>	<u>355,124</u>	<u>17,136,960</u>
<b>Net Assets, End of Year</b>	<u>\$ 17,257,852</u>	<u>\$ 535,483</u>	<u>\$ 17,793,335</u>

The accompanying Notes are an integral  
part of these financial statements

# Food Gatherers

## Statement of Activities

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue</b>			
<b>Operating Support</b>			
In-kind contributions and grants	\$ 15,256,542	\$ -	\$ 15,256,542
Contributions	4,082,819	-	4,082,819
Grants	1,755,570	397,624	2,153,194
Special event, net of expenses of \$28,988	488,982	-	488,982
Net assets released from restrictions			
Expiration of time restrictions	8,659	(8,659)	-
Satisfaction of purpose restrictions	94,918	(94,918)	-
Total operating support	<u>21,687,490</u>	<u>294,047</u>	<u>21,981,537</u>
<b>Operating Revenue</b>			
Food bank revenue	386,954	-	386,954
Other revenue	3,151	-	3,151
Total operating revenue	<u>390,105</u>	<u>-</u>	<u>390,105</u>
Total operating support and revenue	<u>22,077,595</u>	<u>294,047</u>	<u>22,371,642</u>
<b>Operating Expenses</b>			
Program services			
Food rescue and distribution	20,247,044	-	20,247,044
Community kitchen	947,202	-	947,202
Summer food service program	448,475	-	448,475
Total program services	<u>21,642,721</u>	<u>-</u>	<u>21,642,721</u>
Supporting services			
General and administrative	449,894	-	449,894
Fundraising	570,421	-	570,421
Total supporting services	<u>1,020,315</u>	<u>-</u>	<u>1,020,315</u>
Total operating expenses	<u>22,663,036</u>	<u>-</u>	<u>22,663,036</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>(585,441)</u>	<u>294,047</u>	<u>(291,394)</u>
<b>Other Changes</b>			
Investment income	735,759	-	735,759
Change in value of beneficial interest in assets held by foundation	34,055	-	34,055
Gain on sale of asset	16,000	-	16,000
Total other changes	<u>785,814</u>	<u>-</u>	<u>785,814</u>
<b>Change in Net Assets</b>	<u>200,373</u>	<u>294,047</u>	<u>494,420</u>
<b>Net Assets, Beginning of Year</b>	<u>16,581,463</u>	<u>61,077</u>	<u>16,642,540</u>
<b>Net Assets, End of Year</b>	<u>\$ 16,781,836</u>	<u>\$ 355,124</u>	<u>\$ 17,136,960</u>

The accompanying Notes are an integral  
part of these financial statements

# Food Gatherers

## Statement of Functional Expenses

Year ended June 30, 2025

	Program Services			Total
	Food Rescue and Distribution	Community Kitchen	Summer Food Service Program	
Donated food	\$ 14,405,215	\$ 297,015	\$ 148,508	\$ 14,850,738
Cost of food sales	3,490,934	129,754	303,164	3,923,852
Total cost of food distributed	<u>17,896,149</u>	<u>426,769</u>	<u>451,672</u>	<u>18,774,590</u>
Salary and wages	1,302,557	329,164	60,359	1,692,080
Fringe benefits	228,491	59,340	7,453	295,284
Payroll taxes	94,009	36,894	4,356	135,259
Total personnel costs	<u>1,625,057</u>	<u>425,398</u>	<u>72,168</u>	<u>2,122,623</u>
Occupancy	257,816	20,598	3,511	281,925
Equipment rental and maintenance	198,308	17,627	4,407	220,342
Depreciation	152,679	-	-	152,679
Supplies	105,563	38,528	4,746	148,837
Dues and subscriptions	81,065	11,997	3,824	96,886
Vehicle expenses	85,311	7,583	1,896	94,790
Insurance	61,772	3,865	966	66,603
Bank and credit card charges	-	-	-	-
Advertising and marketing	1,702	531	548	2,781
Accounting fees	-	-	-	-
IT consulting and website	26,624	-	-	26,624
Telephone	18,359	1,742	679	20,780
Evaluation and planning	-	-	-	-
Miscellaneous expense	13,655	471	551	14,677
Specific assist - stipends	-	-	15,933	15,933
Travel	10,806	1,452	1,918	14,176
Postage and shipping	1,733	1	-	1,734
Training	9,948	802	443	11,193
Partner programs	861	162	1,056	2,079
Legal fees	-	-	-	-
Total expenses	<u>\$ 20,547,408</u>	<u>\$ 957,526</u>	<u>\$ 564,318</u>	<u>\$ 22,069,252</u>

The accompanying Notes are an integral part of these financial statements

# Food Gatherers

## Statement of Functional Expenses (continued)

Year ended June 30, 2025

	Supporting Services			Total Expenses
	General and Administrative	Fundraising	Total	
Donated food	\$ -	\$ -	\$ -	\$ 14,850,738
Cost of food sales	-	-	-	3,923,852
Total cost of food distributed	-	-	-	18,774,590
Salary and wages	165,234	361,886	527,120	2,219,200
Fringe benefits	27,464	54,776	82,240	377,524
Payroll taxes	11,915	33,352	45,267	180,526
Total personnel costs	204,613	450,014	654,627	2,777,250
Occupancy	28,989	16,302	45,291	327,216
Equipment rental and maintenance	-	-	-	220,342
Depreciation	39,679	-	39,679	192,358
Supplies	3,352	1,655	5,007	153,844
Dues and subscriptions	3,993	1,196	5,189	102,075
Vehicle expenses	-	-	-	94,790
Insurance	7,115	-	7,115	73,718
Bank and credit card charges	7,081	62,338	69,419	69,419
Advertising and marketing	116	54,806	54,922	57,703
Accounting fees	40,762	-	40,762	40,762
IT consulting and website	6,656	5,960	12,616	39,240
Telephone	2,696	240	2,936	23,716
Evaluation and planning	21,825	-	21,825	21,825
Miscellaneous expense	3,245	1,486	4,731	19,408
Specific assist - stipends	-	-	-	15,933
Travel	553	178	731	14,907
Postage and shipping	400	11,198	11,598	13,332
Training	506	-	506	11,699
Partner programs	-	-	-	2,079
Legal fees	1,505	-	1,505	1,505
Total expenses	\$ 373,086	\$ 605,373	\$ 978,459	\$ 23,047,711

8,460,998

# Food Gatherers

## Statement of Functional Expenses

Year ended June 30, 2024

	Program Services			Total
	Food Rescue and Distribution	Community Kitchen	Summer Food Service Program	
Donated food	\$ 14,440,459	\$ 297,740	\$ 148,871	\$ 14,887,070
Cost of food sales	3,320,626	131,682	177,330	3,629,638
Total cost of food distributed	<u>17,761,085</u>	<u>429,422</u>	<u>326,201</u>	<u>18,516,708</u>
Salary and wages	1,206,290	304,850	60,218	1,571,358
Fringe benefits	228,435	67,536	8,558	304,529
Payroll taxes	88,808	33,733	4,353	126,894
Total personnel costs	<u>1,523,533</u>	<u>406,119</u>	<u>73,129</u>	<u>2,002,781</u>
Occupancy	219,569	26,686	3,098	249,353
Equipment rental and maintenance	183,229	16,287	9,491	209,007
Depreciation	146,399	-	-	146,399
Supplies	103,903	43,163	7,070	154,136
Vehicle expenses	70,480	6,264	1,566	78,310
Dues and subscriptions	60,469	8,123	2,520	71,112
Insurance	58,339	3,783	945	63,067
Bank and credit card charges	-	-	-	-
Advertising and marketing	2,669	503	908	4,080
Accounting fees	-	-	200	200
IT consulting and website	26,624	-	-	26,624
Grants to partner agencies	27,450	-	-	27,450
Telephone	18,298	1,839	944	21,081
Specific assist - stipends	1,500	-	19,367	20,867
Travel	15,005	2,072	1,766	18,843
Miscellaneous expense	12,087	848	538	13,473
Training	11,065	1,346	485	12,896
Postage and shipping	1,473	22	5	1,500
Legal Fees	-	-	-	-
Partner programs	3,867	725	242	4,834
Total expenses	<u>\$ 20,247,044</u>	<u>\$ 947,202</u>	<u>\$ 448,475</u>	<u>\$ 21,642,721</u>

The accompanying Notes are an integral part of these financial statements

# Food Gatherers

## Statement of Functional Expenses (continued)

Year ended June 30, 2024

	Supporting Services			Total Expenses
	General and Administrative	Fundraising	Total	
Donated food	\$ -	\$ -	\$ -	\$ 14,887,070
Cost of food sales	-	-	-	3,629,638
Total cost of food distributed	-	-	-	18,516,708
Salary and wages	269,748	352,708	622,456	2,193,814
Fringe benefits	14,551	41,800	56,351	360,880
Payroll taxes	6,907	22,372	29,279	156,173
Total personnel costs	291,206	416,880	708,086	2,710,867
Occupancy	27,070	16,656	43,726	293,079
Equipment rental and maintenance	-	-	-	209,007
Depreciation	36,600	-	36,600	182,999
Supplies	4,587	2,805	7,392	161,528
Vehicle expenses	-	-	-	78,310
Dues and subscriptions	4,387	716	5,103	76,215
Insurance	9,704	-	9,704	72,771
Bank and credit card charges	6,380	60,786	67,166	67,166
Advertising and marketing	173	55,958	56,131	60,211
Accounting fees	50,684	-	50,684	50,884
IT consulting and website	6,655	2,426	9,081	35,705
Grants to partner agencies	-	-	-	27,450
Telephone	2,816	40	2,856	23,937
Specific assist - stipends	-	-	-	20,867
Travel	457	533	990	19,833
Miscellaneous expense	2,002	2,338	4,340	17,813
Training	936	-	936	13,832
Postage and shipping	311	11,283	11,594	13,094
Legal Fees	5,926	-	5,926	5,926
Partner programs	-	-	-	4,834
Total expenses	\$ 449,894	\$ 570,421	\$ 1,020,315	\$ 22,663,036

The accompanying Notes are an integral part of these financial statements

# Food Gatherers

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2025	2024
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 656,375	\$ 494,420
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	192,358	182,999
Change in donated food inventory and provision for spoilage	456,382	(369,471)
Net unrealized gain on investments	(530,509)	(621,433)
Change in value of beneficial interest in assets held by foundation	(31,155)	(34,055)
Increase (decrease) from changes in assets and liabilities		
Purchased food inventory	(233,345)	58,963
Pledges and grants receivable	(360,396)	(238,707)
Accounts receivable	(25,441)	25,411
Prepaid expenses	869	(2,223)
Accounts payable	(36,965)	(63,173)
Accrued compensation and benefits	(49,098)	51,308
Net cash provided (used) by operating activities	<u>39,075</u>	<u>(515,961)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(117,202)	(69,862)
Net purchases of investments	(264,600)	(298,742)
Net cash used by investing activities	<u>(381,802)</u>	<u>(368,604)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(342,727)</b>	<b>(884,565)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>4,142,763</b>	<b>5,027,328</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,800,036</b>	<b>\$ 4,142,763</b>
<b>Noncash Investing Activities</b>		
Right-of-use asset acquired through an operating lease	<u>\$ 181,707</u>	<u>\$ 125,385</u>

The accompanying Notes are an integral  
part of these financial statements

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies

*Nature of Organization.* Food Gatherers ("the Organization") is a not-for-profit Michigan corporation recognized as exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Organization's sources of support and revenue are primarily private and public contributions and grants, special events, food bank sales, and in-kind donations. The Organization supports local feeding programs throughout Washtenaw County through collection and delivery of surplus perishable food from local sources and from the acquisition and distribution of nonperishable food through a national food bank program.

#### Description of Program Services:

*Food Rescue and Distribution.* Food Gatherers procures unsellable, but edible, food from the food industry, receives direct donations of food, administers certain government food programs, and purchases food from wholesalers. Food is stored and packaged and delivered to more than 140 other nonprofit agencies such as homeless shelters, food pantries, low income housing, and after school programs, who then distribute food to people in need throughout Washtenaw County.

*Community Kitchen.* Food Gatherers operates the Community Kitchen, which is located in the Robert J. Delonis Center, home of the Shelter Association of Washtenaw County. Volunteers transform rescued and bulk food into useful food resources, and prepare and serve approximately 12 meals per week to those in need.

*Summer Food Service Program.* The Summer Food Service Program ("SFSP") was created to ensure that children in lower-income areas could continue to receive nutritious meals during long school vacations when they do not have access to the National School Lunch or School Breakfast programs. The SFSP is a program of the United States Department of Agriculture, which provides funding to cover the costs of the meals at eligible sites. Food Gatherers is the largest sponsor of the SFSP for children in Washtenaw County. Free meals are made available to children under 18 years of age and for persons up to age 26 who are enrolled in an educational program for the mentally or physically disabled that is recognized by a state or local public educational agency.

#### Description of Supporting Services:

*General and Administrative.* Includes the functions necessary to provide support to the Organization's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

*Fundraising.* Provides the structure necessary to encourage and secure private financial support from individuals, foundations, governments, and corporations, including donations and pledges received during special events. The majority of Food Gatherers' special event revenue is generated through the annual Rockin' event.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*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.

*Basis of Accounting.* The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Board-Designated Endowment.* The Board of Directors has determined that a portion of the Organization's net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted by the State of Michigan in 2009. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization generally classifies as endowment net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's policies.

*Endowment Investment Policies.* The Organization has adopted investment policies that include a conservative risk tolerance to ensure the long-term stability of its endowment funds. To achieve the objective of the endowment, the investment policy attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the fund if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Endowment Spending Policies.* Provided that there are annual earnings from the investments of the endowment funds, the Organization expends the earnings in accordance with the direction of the applicable donor gift instrument.

*Cash and Cash Equivalents.* The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

*Investments.* The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements*.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Unrealized gains and losses, if any, are calculated since the most recent financial statement reporting date. In the year that an investment is sold, unrealized gains and losses are calculated from the most recent financial statement reporting date through the date of sale. Therefore, realized gains and losses are generally not reported. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

*Fair Value Measurements.* The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework 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 are described below:

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 asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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 measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for assets measured at fair value on a recurring basis:

*Equity Securities.* The Organization values securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Fair Value Measurements* (continued).

*Taxable Bonds and Taxable Bond Funds.* The Organization values taxable bonds and taxable bond funds at fair value by discounting the related cash flows on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Early withdrawal charges may apply in the event the instruments are liquidated prior to their scheduled maturity date.

*Beneficial Interest in Assets Held by Foundation.* The Organization values the beneficial interest in assets held by Ann Arbor Area Community Foundation ("the Foundation") at the net asset value ("NAV") of units held by the Organization at year-end. The NAV, as provided by the Foundation, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the Foundation less its liabilities. This practical expedient is not used when it is determined to be probable that the Foundation will sell the investment for an amount different than reported NAV.

The carrying amount of other assets held by the Organization approximate fair value due to the short-term nature of such assets.

The valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

*Food Inventory.* Purchased food inventory is comprised of perishable and nonperishable purchased food and is stated at lower of cost or market value. Cost is determined on a first-in, first-out basis. Donated food inventory is comprised of perishable and nonperishable food and is recorded as inventory and contribution support at its estimated fair value at the date of donation, taking into consideration spoilage and utility for use. See *Donated Food Inventory*.

*Pledges and Grants Receivable.* Pledges and grants receivable are all expected to be paid within one year and are stated net of allowances for doubtful amounts. Management provides for probable doubtful pledges through a provision for bad debt expense and an adjustment to the allowance account based on its assessment of the current status of individual pledges and grants. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to the receivable account. Management has determined that pledges and grants receivable are fully collectible and has not recorded an allowance for doubtful pledges and grants as of June 30, 2025 and 2024.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Accounts Receivable.* Accounts receivable are presented net of an allowance for credit losses, which is an estimate of the amount that may not be collectible. In determining the amount of the allowance as of the balance sheet date, Food Gatherers separates accounts receivable into risk pools based on their aging and develops a loss rate for each pool. The loss rate is based on management's historical collection experience, adjusted for expectations about current and future economic conditions, and the creditworthiness of the payor. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. Management has determined that all amounts are collectible and, therefore, has not recorded an allowance for credit losses at June 30, 2025 and 2024.

*Property and Equipment.* It is the Organization's policy to capitalize property and equipment at cost for purchases over \$5,000 while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. In general, asset lives are ten to thirty-nine years for buildings and improvements, five years for vehicles, and three to five years for equipment and furniture. Depreciation expense for the years ended June 30, 2025 and 2024 was \$192,358 and \$182,999, respectively.

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended June 30, 2025 and 2024.

*Right-of-Use Assets and Leases.* The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long-term lease obligations on the Organization's statements of financial position. ROU lease assets represent the Organization's right to use an underlying asset for the lease term and lease obligations represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

*Basis of Net Asset Presentation.* The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

*Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, providing services, receiving rents, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Basis of Net Asset Presentation* (continued).

*Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

*Contributions and Grants.* Contributions and grants are recognized when amounts are received. Donor-restricted amounts are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the amounts are recognized.

*Donated Food Inventory.* All donated inventory is recorded at fair value and is received from private businesses, organizations, and individuals. Donated inventory is considered to be unrestricted support unless the inventory explicitly contains donor restrictions. The Organization only records the value of donated inventory in which it is either the original recipient of the gift, is involved in partnership with another organization for distribution, or if the inventory is used in the Organization's programs.

To determine food inventory values, donated food inventories are weighed when they arrive at the Organization's warehouse and are weighed again before distribution. The Organization uses per pound values as published annually by Feeding America, a national organization of which the Organization is an affiliate.

The following average per pound values were used to value the following inventory donations received and inventory distributions made during the years ended June 30:

	<u>2025</u>	<u>2024</u>
Food-only items	\$ 1.72	\$ 1.74
Mixed food and non-food items	\$ 1.90	\$ 1.97

*Contributed Services.* Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to the Organization's administrative services. However, these donated services are not reflected in the financial statements since the services are not professional in nature, and as such, do not meet the criteria for recognition as contributed services.

*Revenue Recognition.*

Revenue for food bank sales is recognized at the time of sale. This is the Organization's primary revenue stream that constitutes revenue from contracts with customers.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

#### *Revenue Recognition* (continued).

*Transaction Price.* The transaction price of a contract with a client is the amount of consideration to which the Organization expects to be entitled for transferring promised goods to the client. The Organization determines the transaction price based on standard charges for goods provided, reduced by discounts.

*Contract Balances.* The following table provides information about the Organization's receivables from contracts with customers at June 30:

	<u>2025</u>	<u>2024</u>
Accounts receivable, beginning of year	\$ 32,715	\$ 58,126
Accounts receivable, end of year	\$ 58,156	\$ 32,715

The Organization's contracts do not include significant financing components.

*Advertising.* The Organization expenses advertising costs as they are incurred. Costs, expensed as advertising and marketing in the statements of functional expenses, were \$57,703 and \$60,211 for the years ended June 30, 2025 and 2024, respectively.

*Income Taxes.* The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Reclassifications.* Amounts from the prior year financial statements have been reclassified to conform to the current year presentation without affecting net assets as of June 30, 2024.

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 31, 2025, the date at which the financial statements were available for release.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 2 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of June 30, 2025:

	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 1,139,548	\$ 1,139,548	\$ -	\$ -
Cash and cash equivalents	123,525	123,525	-	-
Stock funds	2,008,073	2,008,073	-	-
Taxable bonds and bond funds	5,119,723	-	5,119,723	-
Total assets in FV hierarchy	<u>\$ 8,390,869</u>	<u>\$ 3,271,146</u>	<u>\$ 5,119,723</u>	<u>\$ -</u>
Investments measured at NAV:				
Beneficial interest in assets held by Foundation (see Note 1)	<u>331,501</u>			
Total assets valued at fair value	<u>\$ 8,722,370</u>			

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of June 30, 2024:

	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 1,078,928	\$ 1,078,928	\$ -	\$ -
Cash and cash equivalents	685,062	685,062	-	-
Stock funds	1,723,664	1,723,664	-	-
Taxable bonds and bond funds	4,108,106	-	4,108,106	-
Total assets in FV hierarchy	<u>\$ 7,595,760</u>	<u>\$ 3,487,654</u>	<u>\$ 4,108,106</u>	<u>\$ -</u>
Investments measured at NAV:				
Beneficial interest in assets held by Foundation (see Note 1)	<u>300,346</u>			
Total assets valued at fair value	<u>\$ 7,896,106</u>			

*Changes in Fair Value Levels.* The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2025 and 2024, there were no significant transfers in or out of fair value levels.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 2 – Fair Value Measurements (continued)

The following sets forth a summary of the Organization's beneficial interest in assets held by Foundation reported at NAV at June 30:

	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
<b>2025</b>					
\$	<b>331,501</b>	N/A	Immediate	Redemptions will only be made upon written request of the Organization	None
<b>2024</b>					
\$	300,346	N/A	Immediate		None

Net investment earnings consisted of the following for the years ended June 30:

	<b>2025</b>	2024
Interest, dividends, and net gains	<b>\$ 699,528</b>	\$ 735,759
Change in value of beneficial interest in assets held by Foundation	<b>31,155</b>	34,055
	<b>\$ 730,683</b>	\$ 769,814

### Note 3 – Right-of-use Assets

Right-of-use assets consist of the following at June 30:

	<b>2025</b>	2024
Right-of-use assets under operating leases (equipment)	<b>\$ 653,691</b>	\$ 471,984
Less accumulated amortization	<b>(295,228)</b>	(205,168)
Net right-of-use assets	<b>\$ 358,463</b>	\$ 266,816

Annual amortization for the years ended June 30, 2025 and 2024 was \$90,060 and \$65,078, respectively.

### Note 4 – Board-Designated Net Assets - Operations

As of June 30, 2025 and 2024, the Organization's Board of Directors designated net assets for operations of \$5,117,575 and \$4,148,500, respectively. These designations are based on the next six months of budgeted operational expenses as of the respective year-end.

### Note 5 – Board-Designated Net Assets - Endowment

The Organization's endowment consists of a single fund with the Ann Arbor Area Community Foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 5 – Board-Designated Net Assets - Endowment (continued)

The following summarizes the changes in endowment net assets for the years ended June 30, 2025 and 2024:

	Without Donor Restrictions
Endowment net assets, July 1, 2023	\$ 266,291
Interest and dividends	4,862
Net unrealized gains	34,322
Investment and administrative fees	(5,129)
	<u>34,055</u>
Endowment net assets, June 30, 2024	\$ 300,346
Interest and dividends	\$ 5,218
Net unrealized gains	31,898
Investment and administrative fees	(5,961)
	<u>31,155</u>
Endowment net assets, June 30, 2025	<u>\$ 331,501</u>

### Note 6 – Net Assets with Donor Restrictions

A summary of net assets with donor restrictions at June 30, 2025 is as follows:

	July 1, 2024	Additions	Releases	June 30, 2025
Time restrictions	\$ 247,366	\$ 403,361	\$ 247,366	\$ 403,361
Purpose restrictions				
Feeding America - advocacy	52,758	45,455	52,758	45,455
Healthy school pantry program	55,000	60,000	55,000	60,000
Summer food program	-	40,000	13,333	26,667
	<u>\$ 355,124</u>	<u>\$ 548,816</u>	<u>\$ 368,457</u>	<u>\$ 535,483</u>

A summary of net assets with donor restrictions at June 30, 2024 is as follows:

	July 1, 2023	Additions	Releases	June 30, 2024
Time restrictions	\$ 8,659	\$ 247,366	\$ 8,659	\$ 247,366
Purpose restrictions				
Feeding America - advocacy	-	52,758	-	52,758
Healthy school pantry program	-	55,000	-	55,000
Summer food program	32,918	42,500	75,418	-
Neighborhood grocery initiative	10,000	-	10,000	-
Elevating voices	6,000	-	6,000	-
Employee engagement survey	3,500	-	3,500	-
	<u>\$ 61,077</u>	<u>\$ 397,624</u>	<u>\$ 103,577</u>	<u>\$ 355,124</u>

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 7 – Leases and Commitments

Operating lease obligations consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Operating lease agreement for a vehicle; monthly payment of \$1,097; 84-month lease term expiring March 2027	<b>\$ 22,009</b>	\$ 33,750
Operating lease agreement for a vehicle; monthly payment of \$980; 78-month lease term expiring March 2026	<b>8,639</b>	19,666
Operating lease agreement for a vehicle; monthly payment of \$893; 78-month lease term expiring February 2027	<b>17,102</b>	26,701
Operating lease agreement for a vehicle; monthly payment of \$835; 84-month lease term expiring June 2028	<b>27,141</b>	35,574
Operating lease agreement for office equipment; monthly payment of \$388; 60-month lease term expiring March 2028	<b>7,928</b>	12,275
Operating lease agreement for a vehicle; monthly payment of \$960; 78-month lease term expiring December 2027	<b>27,023</b>	36,922
Operating lease agreement for a vehicle; monthly payment of \$878; 78-month lease term expiring August 2029	<b>41,376</b>	51,009
Operating lease agreement for a vehicle; monthly payment of \$857; 78-month lease term expiring November 2029	<b>41,959</b>	50,919
Operating lease agreement for a vehicle; monthly payment of \$2,660; 78-month lease term expiring April 2031	<b>165,286</b>	-
Total, net of unamortized present value discount	<b><u>358,463</u></b>	<u>266,816</u>
Less current portion	<b><u>(99,384)</u></b>	<u>(73,639)</u>
Operating lease obligations, net of current portion, net of unamortized present value discount	<b><u>\$ 259,079</u></b>	<b><u>\$ 193,177</u></b>
Weighted average discount rate at June 30	<b>5%</b>	4%
Weighted average remaining lease term at June 30	<b>2.84 years</b>	3.47 years

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 7 – Leases and Commitments (continued)

Future annual undiscounted lease payments under operating leases are as follows at June 30, 2025:

Year ended June 30	Lease obligations	Present value discount	Total
2026	\$ 111,629	\$ (12,245)	\$ 99,384
2027	94,785	(8,267)	86,518
2028	67,697	(5,294)	62,403
2029	52,748	(3,293)	49,455
2030	36,228	(1,709)	34,519
Thereafter	26,600	(416)	26,184
	<u>\$ 389,687</u>	<u>\$ (31,224)</u>	<u>\$ 358,463</u>

### Note 8 – Letter of Credit

The Organization has an irrevocable standby letter of credit to secure payment of insurance claims on its self-insured state unemployment plan. The letter of credit was calculated at \$90,000 and \$85,115 with no outstanding claims at June 30, 2025 and 2024, respectively. The letter of credit is unsecured.

### Note 9 – In-Kind Contributions

In-kind contributions consisted of the following at June 30:

	2025	2024	Usage
Donated food	<u>\$ 14,394,355</u>	<u>\$ 15,256,542</u>	Programming

The Organization received donated food that was valued using fair value of the items based on retail values that would be received for purchasing similar products in the Ann Arbor, Michigan area. No in-kind contributions were restricted. The Organization only uses donated food for its own program activities.

### Note 10 – Special Event

The Organization derived net support from the following special fundraising event during the year ended June 30, 2025:

	Rockin'
Sales and contributions	\$ 590,452
Direct costs	(29,926)
Net support	<u>\$ 560,526</u>

The Organization derived net support from the following special fundraising event during the year ended June 30, 2024:

	Rockin'
Sales and contributions	\$ 517,970
Direct costs	(28,988)
Net support	<u>\$ 488,982</u>

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 11 – Retirement Plan

The Organization maintains a 401(k) plan covering all employees who have completed at least 90 days of service. The Organization makes a safe harbor matching contribution of 200% of an employee's deferrals that do not exceed 3% of compensation. These matching contributions are 100% vested. Amounts contributed by the Organization were \$161,870 and \$149,319 for the years ended June 30, 2025 and 2024, respectively.

### Note 12 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of six months budgeted operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2025 and 2024, the level of liquidity and reserves was managed within the policy requirements.

The Organization's financial assets available for general expenditures within one year are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,800,036	\$ 4,142,763
Investments	8,390,869	7,595,760
Pledges and grants receivable	607,762	247,366
Accounts receivable	58,156	32,715
	<u>12,856,823</u>	<u>12,018,604</u>
Less amounts not available to be used within one year:		
Assets designated by the board for operational reserve	<u>(5,117,575)</u>	<u>(4,148,500)</u>
	<u>(5,117,575)</u>	<u>(4,148,500)</u>
Financial assets available for general expenditures within one year	<u>\$ 7,739,248</u>	<u>\$ 7,870,104</u>

All of the Organization's net asset restrictions are generally released within the next fiscal year. The Organization anticipates that all net asset restrictions as of June 30, 2025 will be fully released during the next fiscal year.

# Food Gatherers

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 13 – Beneficial Interest in Assets Held at Community Foundation

The Ann Arbor Area Community Foundation ("the Foundation") acts under an arrangement as a depository for gifts, conveyances, and other transfers intended to assist Food Gatherers in achieving its goals and purposes. At June 30, 2025 and 2024, the Foundation held donations for the benefit of Food Gatherers of \$40,727 and \$36,871, respectively. As the Foundation holds variance power over these assets and, therefore, has the authority to redirect these funds, these amounts are not recorded as assets of the Organization.

### Note 14 – State Unemployment Self-Insurance Plan

The Organization participates in a state unemployment self insurance plan. The claim exposure varies based on the number of state approved claims. Under the plan, the Organization accrues the estimated expense of state unemployment costs based on approved claims received from its insurance company. There were no accruals as of June 30, 2025 and 2024. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

### Note 15 – Concentrations

*Major Grantors.* The Organization had one major grantor of noncash food product, which accounted for approximately 11% and 14% of total support and revenue for the years ended June 30, 2025 and 2024, respectively.

The Organization receives significant support from the U.S. Government in the form of donated food and grant funding. Federal support totaled \$5,159,952 and \$5,615,311 for the years ended June 30, 2025 and 2024, respectively. The majority of this support is provided by the United States Department of Agriculture (USDA), which accounted for 91% and 97% of total Federal support for the years ended June 30, 2025 and 2024, respectively.

During the year ended June 30, 2025, the Organization received 856,000 fewer pounds of food from the USDA than in the prior fiscal year. This reduction in donated food equates to approximately a \$1,472,320 decrease in in-kind support for the year ended June 30, 2025. Because USDA support represents a large portion of the Organization's Federal assistance, any further reduction or termination of USDA program participation could have a material adverse effect on the Organization's operations and ability to provide services at the same level as is currently being provided.

Management is actively pursuing alternative sources of food and funding and has implemented cost-mitigation measures to reduce the operational impact of the decreased USDA support.

*Bank Deposits.* At certain times during the years ended June 30, 2025 and 2024, the Organization maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.

*Geographical.* The Organization receives a substantial amount of its support and revenue from within the Washtenaw County area. The effects of this concentration of credit risk on the Organization's financial statements have not been determined for the years ended June 30, 2025 and 2024.