
Food Bank of the Rockies, Inc.

**Consolidated Financial Report
with Supplemental Information
June 30, 2025**

Independent Auditor's Report	1-2
Consolidated Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-28
Supplemental Information	29
Independent Auditor's Report on Supplemental Information	30
Schedule of Wyoming Revenue and Expense Activities	31



Independent Auditor's Report

To the Board of Directors
Food Bank of the Rockies, Inc.

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025 and 2024 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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.

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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

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

To the Board of Directors
Food Bank of the Rockies, Inc.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 December 17, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization'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 the Organization's internal control over financial reporting and compliance.



December 17, 2025

Food Bank of the Rockies, Inc.

Consolidated Statement of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,723,027	\$ 4,000,941
Receivables:		
Agency receivables - Net of allowance of \$15,500	794,130	744,817
Pledges receivable	2,402,216	1,461,388
Contracts receivable	595,776	580,166
Other accounts receivable	204,591	2,311,888
Total receivables	3,996,713	5,098,259
Donated inventory	1,087,605	882,601
Purchased inventory	2,880,835	1,567,651
Commodities inventory	2,261,359	3,008,645
Prepaid expenses and other current assets	688,789	306,466
Total current assets	14,638,328	14,864,563
Other Assets		
Restricted cash and cash equivalents	22,072,322	45,443,803
Notes receivable	63,468,650	55,570,650
Property and Equipment - Net	74,051,652	36,615,101
Right-of-use Operating Lease Assets - Net	2,552,622	2,728,106
Endowment Assets - Life insurance policy	16,071	16,607
Endowment Assets - Investments	2,277,891	4,924,147
Property and Equipment Held for Sale	7,397,217	-
Total noncurrent assets	171,836,425	145,298,414
Total assets	\$ 186,474,753	\$ 160,162,977
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 7,633,136	\$ 3,883,808
Bank line of credit	-	2,500,000
Accrued liabilities and other:		
Accrued compensation	1,507,460	1,398,552
Deferred revenue	189,999	165,377
Other accrued liabilities	206,627	149,420
Current portion of long-term debt	32,834	31,880
Current portion of lease liabilities - Operating	739,753	898,806
Total current liabilities	10,309,809	9,027,843
Long-term Debt - Net of current portion and debt issuance costs	86,792,751	76,275,367
Lease Liabilities - Operating	1,812,869	1,829,300
Total liabilities	98,915,429	87,132,510
Net Assets		
Without donor restrictions	79,929,541	62,773,724
With donor restrictions	7,629,783	10,256,743
Total net assets	87,559,324	73,030,467
Total liabilities and net assets	\$ 186,474,753	\$ 160,162,977

Food Bank of the Rockies, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Purchased food reimbursement	\$ 11,037,754	\$ -	\$ 11,037,754	\$ 9,862,468	\$ -	\$ 9,862,468
Partner support fees	349	-	349	614	-	614
Promotions	1,789,177	-	1,789,177	1,169,618	-	1,169,618
Contributions of cash and other financial assets	25,237,118	13,923,814	39,160,932	27,206,191	4,854,739	32,060,930
Donated materials and services	2,469,946	-	2,469,946	793,377	-	793,377
Government grants and contracts	7,830,403	-	7,830,403	12,334,201	-	12,334,201
Special event revenue - Net of direct benefits to donors of \$236,305 (2025) and \$216,267 (2024)	780,817	-	780,817	645,729	-	645,729
Net investment return and miscellaneous	1,417,090	353,209	1,770,299	2,013,736	520,519	2,534,255
Gain on disposal of property and equipment	873,119	-	873,119	1,958,303	-	1,958,303
Food contributions	-	90,870,238	90,870,238	-	90,787,537	90,787,537
Commodities contributions	-	19,087,840	19,087,840	-	23,044,630	23,044,630
Net assets released from restrictions - Satisfaction of other restrictions	16,327,859	(16,327,859)	-	5,143,894	(5,143,894)	-
Net assets released from restrictions - Food distributions	110,534,202	(110,534,202)	-	113,722,619	(113,722,619)	-
Total revenue, gains, and other support	178,297,834	(2,626,960)	175,670,874	174,850,750	340,912	175,191,662
Expenses						
Program services:						
Colorado Agency distribution	75,069,736	-	75,069,736	78,955,252	-	78,955,252
Colorado Food for Kids	3,740,855	-	3,740,855	3,943,774	-	3,943,774
Colorado Mobile Pantry	4,330,349	-	4,330,349	5,660,774	-	5,660,774
Colorado Food Rescue	23,263,285	-	23,263,285	26,570,458	-	26,570,458
Colorado TEFAP	15,556,936	-	15,556,936	17,745,505	-	17,745,505
Colorado Everyday Eats, funded by CSFP	3,991,889	-	3,991,889	4,478,447	-	4,478,447
Wyoming	22,589,901	-	22,589,901	23,523,676	-	23,523,676
Total program services	148,542,951	-	148,542,951	160,877,886	-	160,877,886
Support services:						
Administration and general	5,632,025	-	5,632,025	6,482,559	-	6,482,559
Fundraising	6,193,288	-	6,193,288	5,293,258	-	5,293,258
Capital campaign fundraising	773,753	-	773,753	545,516	-	545,516
Total support services	12,599,066	-	12,599,066	12,321,333	-	12,321,333
Total expenses	161,142,017	-	161,142,017	173,199,219	-	173,199,219
Change in Net Assets	17,155,817	(2,626,960)	14,528,857	1,651,531	340,912	1,992,443
Net Assets - Beginning of year	62,773,724	10,256,743	73,030,467	61,122,193	9,915,831	71,038,024
Net Assets - End of year	\$ 79,929,541	\$ 7,629,783	\$ 87,559,324	\$ 62,773,724	\$ 10,256,743	\$ 73,030,467

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services							Support Services			Total
	Colorado Agency Distribution	Colorado Food for Kids	Colorado Mobile Pantry	Colorado Food Rescue	Colorado TEFAP	Colorado Everyday Eats, Funded by CSFP	Wyoming	Administration and General	Fundraising	Capital Campaign Fundraising	
Salary and fringes	\$ 5,792,569	\$ 1,278,694	\$ 605,306	\$ 932,611	\$ 727,238	\$ 898,014	\$ 1,702,942	\$ 3,678,898	\$ 3,715,041	\$ 488,022	\$ 19,819,335
Contributed food distributed	52,771,584	179,240	2,799,578	21,805,736	-	-	13,124,110	-	-	-	90,680,248
Commodities food distributed	-	-	-	-	13,761,586	2,361,589	3,730,779	-	-	-	19,853,954
Purchased food distributed	12,477,170	1,589,805	666,422	-	1,053	50,997	2,340,284	-	-	-	17,125,731
Transportation costs	912,444	135,510	62,862	249,274	107,198	220,692	455,372	-	-	-	2,143,352
Occupancy	403,092	38,016	15,052	19,277	433,116	103,473	280,734	44,215	12,202	-	1,349,177
Professional and contract services	640,360	18,575	11,742	8,527	75,447	43,568	155,504	252,728	78,502	49,017	1,333,970
Warehouse expense	536,027	45,557	48,772	9,858	64,474	67,001	133,140	20,238	6,845	-	931,912
Technology	306,331	90,292	29,822	33,863	57,654	71,947	97,205	281,893	399,193	32,430	1,400,630
Program costs	86,730	156,939	7,624	18,773	61,085	1,337	99,895	-	-	-	432,383
Community engagement	39,256	16,178	-	707	-	4,620	713	779,488	1,583,088	199,714	2,623,764
Other operating	284,663	45,404	18,677	41,245	47,453	47,703	155,732	474,107	363,342	4,570	1,482,896
Depreciation	819,510	146,645	64,492	143,414	220,632	120,948	313,491	100,458	35,075	-	1,964,665
Subtotal	75,069,736	3,740,855	4,330,349	23,263,285	15,556,936	3,991,889	22,589,901	5,632,025	6,193,288	773,753	161,142,017
Special events expense	-	-	-	-	-	-	-	-	236,305	-	236,305
Total functional expenses	<u>\$ 75,069,736</u>	<u>\$ 3,740,855</u>	<u>\$ 4,330,349</u>	<u>\$ 23,263,285</u>	<u>\$ 15,556,936</u>	<u>\$ 3,991,889</u>	<u>\$ 22,589,901</u>	<u>\$ 5,632,025</u>	<u>\$ 6,429,593</u>	<u>\$ 773,753</u>	<u>\$ 161,378,322</u>

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services							Support Services			Total
	Colorado Agency Distribution	Colorado Food for Kids	Colorado Mobile Pantry	Colorado Food Rescue	Colorado TEFAP	Colorado Everyday Eats, Funded by CSFP	Wyoming	Administration and General	Fundraising	Capital Campaign Fundraising	
Salary and fringes	\$ 6,161,850	\$ 1,358,822	\$ 684,352	\$ 1,015,457	\$ 813,297	\$ 1,041,854	\$ 2,048,698	\$ 3,939,585	\$ 2,930,238	\$ 278,752	\$ 20,272,905
Contributed food distributed	50,004,423	150,096	3,243,069	24,658,835	-	-	13,556,041	-	-	-	91,612,464
Commodities food distributed	-	-	-	-	15,907,390	2,652,687	3,550,078	-	-	-	22,110,155
Purchased food distributed	18,508,730	1,817,347	1,327,722	-	1,375	14,723	2,512,824	-	-	-	24,182,721
Transportation costs	807,988	116,619	158,408	276,061	122,372	243,083	441,466	-	-	-	2,165,997
Occupancy	506,685	47,341	17,432	7,156	334,924	114,006	260,387	52,996	14,070	-	1,354,997
Professional and contract services	770,586	56,322	10,142	7,463	89,755	29,758	333,431	304,576	29,644	228,494	1,860,171
Warehouse expense	583,012	38,014	77,434	11,514	121,904	140,732	144,275	33,622	8,839	-	1,159,346
Technology	327,031	64,877	23,595	32,882	41,580	58,809	123,114	401,919	331,876	10,070	1,415,753
Program costs	66,139	123,264	14,580	418,261	64,146	352	65,157	-	-	-	751,899
Community engagement	33,279	9,114	285	7,860	-	4,672	12,980	874,272	1,524,532	14,542	2,481,536
Other operating	294,236	36,820	27,076	41,938	43,739	57,889	178,306	778,042	427,843	13,658	1,899,547
Depreciation	891,293	125,138	76,679	93,031	205,023	119,882	296,919	97,547	26,216	-	1,931,728
Subtotal	78,955,252	3,943,774	5,660,774	26,570,458	17,745,505	4,478,447	23,523,676	6,482,559	5,293,258	545,516	173,199,219
Special events expense	-	-	-	-	-	-	-	-	211,617	4,650	216,267
Total functional expenses	\$ 78,955,252	\$ 3,943,774	\$ 5,660,774	\$ 26,570,458	\$ 17,745,505	\$ 4,478,447	\$ 23,523,676	\$ 6,482,559	\$ 5,504,875	\$ 550,166	\$ 173,415,486

Consolidated Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 14,528,857	\$ 1,992,443
Adjustments to reconcile change in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation expense	1,964,665	1,931,728
Donated property and equipment	(1,929,600)	-
Gain on disposal of property and equipment	(873,119)	(1,958,303)
Reduction of lease right-of-use assets	1,189,056	266,618
Amortization of debt issuance costs	75,605	168,236
Gain on investments	(353,744)	(1,634,953)
Contributed food and commodities distributed	110,534,202	113,722,619
Contributed food and commodities	(109,991,920)	(113,832,167)
Change in value of life insurance policy	536	(555)
Changes in operating assets and liabilities that provided (used) cash, cash equivalents, and restricted cash:		
Receivables	1,101,546	(2,633,289)
Purchased inventory	(1,313,184)	695,458
Prepaid expenses and other assets	(382,323)	191,055
Accounts payable and accrued liabilities	143,303	2,236,377
Deferred revenue and refundable advances	24,622	2,850
Lease liabilities	(1,189,056)	(266,618)
Net cash, cash equivalents, and restricted cash provided by operating activities	13,529,446	881,499
Cash Flows from Investing Activities		
Purchase of property and equipment	(40,247,693)	(15,627,197)
Proceeds from the sale of property and equipment	24,119	2,169,319
Transfer to endowment fund	-	(150,000)
Proceeds from sales and maturities of investments	3,000,000	35,268,382
Issuance of note receivable	(7,898,000)	(39,241,500)
Net cash, cash equivalents, and restricted cash used in investing activities	(45,121,574)	(17,580,996)
Cash Flows from Financing Activities		
Proceeds from line of credit	-	2,500,000
Payments from line of credit	(2,500,000)	-
Proceeds from long-term debt	10,780,000	54,530,000
Payments on long-term debt	(34,477)	(33,344)
Debt issuance costs	(302,790)	(1,336,913)
Net cash, cash equivalents, and restricted cash provided by financing activities	7,942,733	55,659,743
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(23,649,395)	38,960,246
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	49,444,744	10,484,498
Cash, Cash Equivalents, and Restricted Cash - End of year	\$ 25,795,349	\$ 49,444,744
Consolidated Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 3,723,027	\$ 4,000,941
Restricted cash and cash equivalents	22,072,322	45,443,803
Total cash, cash equivalents, and restricted cash	\$ 25,795,349	\$ 49,444,744
Supplemental Cash Flow Information - Cash paid for interest	\$ 258,777	\$ 221,395
Significant Noncash Transactions		
Lease right-of-use assets acquired under leases	\$ 1,013,572	\$ 1,533,613
Donated property and equipment	1,929,600	-
Property and equipment acquired via accounts payable	5,831,964	2,059,824

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 1 - Nature of Business

Food Bank of the Rockies, Inc. (FBR), a member of Feeding America, is a Colorado nonprofit corporation organized to solicit, collect, and distribute food to those in need of assistance directly and through nonprofit hunger relief partners. Its service area includes 32 counties in northern Colorado and the entire state of Wyoming.

FBR is contracted with the State of Colorado during fiscal years 2025 and 2024 for administration of four United States Department of Agriculture (USDA) programs for northern Colorado: The Emergency Food Assistance Program (TEFAP), Everyday Eats, (known federally as CSFP), the Child and Adult Care Food Program (CACFP), and the Summer Food Service Program (SFSP). During fiscal years 2025 and 2024, FBR contracted with the State of Wyoming for administration of TEFAP and CSFP (known as Evergreen Boxes in Wyoming).

TEFAP provides for the distribution of nutritious food to low-income residents upon self-declaration of need. FBR distributes TEFAP commodities to 139 eligible recipient agencies (ERA) throughout northern Colorado (41 of these ERAs are mobile pantry sites conducting the distributions) and to 31 ERAs in Wyoming (6 of these ERAs are mobile pantry sites).

Everyday Eats works to improve the health of low-income older adults over 60 years of age by supplementing their diets with nutritious USDA commodity foods. Those eligible must meet income guidelines established by the State of Colorado (which is 150 percent of the Federal Poverty Income Guidelines), establish local residency requirements, and be able to provide identification issued by a state or federal agency. FBR is allocated to serve up to 5,940 Everyday Eats recipients monthly at 125 ERA sites throughout the 32-county service area. In Wyoming Food Bank of Wyoming serves up to 206 CSFP recipients monthly (for whom eligibility is up to 130 percent of the Federal Poverty Income Guidelines) at 8 ERA sites in 7 counties.

Both CACFP and SFSP, afterschool meals and summer meals respectively, are administered by Food for Kids, within the programs department providing meals for children from low-income households to 106 sites. Both programs provide meals to children at risk of hunger at locations offering recreation, tutoring, camps, and mentoring programs. Although not a federal program, Totes of Hope™ is designed to meet the needs of children experiencing food insecurity at times when other resources are not available, such as weekends and school vacations. Children in Totes of Hope™ discreetly receive a bag filled with food each Friday to take home for the weekend. FBR distributes 3,750 totes per week in Colorado and 1,281 totes per week in Wyoming.

Food Bank of the Rockies Endowment Fund (FBREF) is a Colorado nonprofit corporation organized for the sole purpose of holding, operating, and managing an endowment fund to support FBR.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of FBR and its controlled subsidiary, FBREF (collectively, the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents, excluding short-term investments held within the investment portfolio. Periodically throughout the year, the total amount of bank deposits exceeded amounts insured by the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per institution.

Agency Receivables

Balances represent purchased food reimbursement that has not yet been collected. The Organization provides an allowance for credit losses for amounts expected to be uncollectible over the contractual life of the receivables. The Organization collectively evaluates receivables to determine the allowance for credit losses based on similar customer types and credit risk. The Organization calculates the allowance using an expected loss model that considers the Organization's actual historical loss rates adjusted for current economic conditions using reasonable and supportable forecasts. The Organization considers industry and economic market conditions when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. As of June 30, 2025 and 2024, the Organization reserved an allowance for credit losses of \$15,500.

Contracts Receivable

Balances represent amounts due from the states of Colorado and Wyoming for contracted services based on contracted prices. The Organization provides an allowance for credit losses for amounts expected to be uncollectible over the contractual life of the receivables. The Organization collectively evaluates receivables to determine the allowance for credit losses based on similar customer types and credit risk. The Organization calculates the allowance using an expected loss model that considers the Organization's actual historical loss rates adjusted for current economic conditions using reasonable and supportable forecasts. The Organization considers industry and economic market conditions when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. There is no allowance for credit losses at June 30, 2025 and 2024.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values, with unrealized gains and losses included in the change in net assets reported on the consolidated statement of activities and changes in net assets. The Organization's investments are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments could occur in the near future and materially affect the amounts reported in the consolidated financial statements.

Food Inventory

The Organization procures food and necessities from a variety of sources, including donated, commodities, and purchased sources.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Donated sources include a robust food rescue program, which reduces food waste while providing quality food for people in need. The Organization also receives direct contributions from partners throughout the food industry, from farmers to restaurants. Donated food inventory is valued at an average of the national wholesale prices determined by Feeding America.

Donated commodities inventory received from the USDA is valued based on prices provided by the USDA.

A portion of the Organization's food inventory is purchased using donated funds and other means of foundational support, purchased in bulk quantities at wholesale prices. Purchased food inventory is valued at the cost of products purchased, determined by the first-in, first-out method.

Restricted Cash

Restricted cash consists of a debt service reserve fund on the USDA Rural Development loan and various construction disbursement, interest reserve, working capital, and debt service accounts related to the New Markets Tax Credit (NMTC) loans described in Notes 8 and 10.

Notes Receivable

Notes receivable in connection with NMTC transactions are reported at original issue amount. Interest is recognized according to the terms of the specific notes. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the notes receivable. The Organization collectively evaluates notes receivable to determine the allowance for credit losses based on similar investment fund types and credit risk. The Organization calculates the allowance using an expected loss model that considers the Organization's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Organization considers industry and economic market conditions when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Notes are considered delinquent if the repayment terms are not met.

At June 30, 2025, notes receivable represent various collateralized loans bearing interest at 1 percent, including the related accrued interest. The notes are classified as long term on the accompanying consolidated statement of financial position based on their maturity dates. The Organization has deemed any allowance for credit losses to be insignificant to the consolidated financial statements as of June 30, 2025 and 2024.

Property and Equipment

Property and equipment with unit costs of \$5,000 or more are capitalized at cost if purchased and at fair value if contributed. Depreciation of property and equipment is computed on the straight-line method based upon the estimated useful lives of the assets, which range from 1 to 40 years.

During the year ended June 30, 2024, the Organization submitted an insurance claim related to roof damage on the Organization's headquarters building. The Organization recorded a gain of \$1,898,658 during the year ended June 30, 2024 within gain on disposal of property and equipment in the consolidated statement of activities and changes in net assets representing insurance proceeds received less the net book value of the damaged roof. During year ended June 30, 2025, the Organization received an additional insurance claim in the amount of \$868,220 related to the same event. This claim was not recognized in the prior year as it was not realized or realizable at that time. The \$868,220 insurance claim is reported within gain on disposal of property and equipment in the consolidated statement of activities and changes in net assets. No adjustment has been made to the prior period consolidated financial statements.

No further insurance recoveries are expected related to this event.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Long-lived Assets

The Organization reviews the recoverability of long-lived assets, including buildings and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

As of June 30, 2025 and 2024, no impairment was required to be recognized.

Debt Issuance Costs

Debt issuance costs were incurred by the Organization in connection with obtaining the debt for the NMTC transactions. These costs are recorded as a reduction in the balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of other operating expense on the consolidated statement of functional expenses.

Leases

The Organization has operating leases for facilities and vehicles. The Organization recognizes expense for operating leases on a straight-line basis over the lease term.

The Organization has operating leases for vehicles and equipment with a lease term of one year or less that the Organization elected to account for as short-term leases. As these leases are short-term leases, they are not included in the right-of-use asset and lease liability.

The Organization elected to use the U.S. Treasury risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the office and vehicle leases described in Note 7.

Contributions and Government Grants and Contracts

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the assets are placed in service.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Management reviewed all pledges receivable for collectibility and deemed all to be collectible, and a discount would be insignificant to the financial statements. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. The Organization expects that all promises to give are fully collectible; accordingly, there was no allowance for uncollectible pledges receivable.

Amounts received as contributions from donors for which the criteria for recognizing contribution revenue has not yet been met are recorded as refundable advance liabilities, including the amount related to conditional contributions outstanding to be expensed in future years for reimbursement-based grants. As conditions on these contributions are met, the liability will be reduced and revenue recognized on the consolidated statement of activities and changes in net assets. At June 30, 2025, contributions approximating \$792,000 have not been recognized in the accompanying consolidated statement of activities and changes in net assets because the conditions on which they depend have not been met. All contributions are conditioned upon the requirement to meet a specific construction timeline for the new headquarters building.

Revenue Recognition - Purchased Food Reimbursement

The Organization offers food that it purchases to its partner agencies through its purchased food reimbursement program. Revenue generated from purchased food reimbursements consists of a single performance obligation to transfer food to agencies, which is satisfied at the point in time the transfer of the food to the agency, and invoicing of the agency, occurs. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for transferring food to agencies. Payment terms vary depending on the agency and typically range from 10 to 30 days.

Donated Services (Unaudited)

A number of volunteers have donated time to the Organization. During the years ended June 30, 2025 and 2024, volunteers from the community donated approximately 142,000 and 148,000 hours, respectively, which were valued based on the industry standards at approximately \$5,510,000 and \$5,400,000, respectively, to assist the Organization in achieving the goals of its programs; however, no value for these services has been recorded in the accompanying consolidated financial statements, as specialized skills were not required.

Deferred Revenue

Registration fees and other receipts for special events relating to future years are deferred and recognized as revenue in the applicable future period when the related services are provided.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Salary-related costs are allocated based on the percentage of time spent by individuals working on multiple programs. Other shared costs are allocated between the various programs and support services based on the percentage of total square footage utilized. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 17, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's current financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2025	2024
Cash and cash equivalents	\$ 3,723,027	\$ 4,000,941
Receivables	3,996,713	5,098,259
Current financial assets - At year end	7,719,740	9,099,200
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restricted by donor with purpose restrictions	1,230,987	1,101,758
Restricted by donor with both purpose and time restrictions	789,713	1,176,209
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,699,040	\$ 6,821,233

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The Organization has a line of credit with available borrowings of \$7,000,000.

The Organization also realizes there could be unanticipated liquidity needs.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 4 - Pledges Receivable

Pledges receivable include unconditional promises to give, including donations for a capital campaign, as follows:

	2025	2024
Capital campaign pledge receivables	\$ 2,231,963	\$ 860,401
Other pledge receivables	170,253	600,987
Total contributions receivable	\$ 2,402,216	\$ 1,461,388
Amounts due in:		
Less than one year	\$ 1,172,540	\$ 1,093,662
One to five years	1,229,676	367,726
Total	\$ 2,402,216	\$ 1,461,388

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 5 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Investments:				
Corporate bonds	\$ -	\$ 772,758	\$ -	\$ 772,758
Municipal bonds	-	34,523	-	34,523
U.S. Treasuries	-	24,403	-	24,403
Money market mutual funds	54,224	-	-	54,224
Equities	1,391,983	-	-	1,391,983
Total investments	\$ 1,446,207	\$ 831,684	\$ -	\$ 2,277,891

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Investments:				
Corporate bonds	\$ -	\$ 1,597,882	\$ -	\$ 1,597,882
Municipal bonds	-	38,504	-	38,504
U.S. Treasuries	-	247,382	-	247,382
Money market mutual funds	256,507	-	-	256,507
Equities	2,707,328	-	-	2,707,328
Equity mutual funds	76,544	-	-	76,544
Total investments	\$ 3,040,379	\$ 1,883,768	\$ -	\$ 4,924,147

The fair value of bonds and U.S. Treasuries at June 30, 2025 and 2024 was determined primarily based on Level 2 inputs. The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2025	2024
Buildings	\$ 13,362,065	\$ 17,871,784
Leasehold improvements	1,376,612	7,227,670
Transportation equipment	5,727,394	5,282,807
Furniture and equipment	3,941,582	4,715,846
Land	1,562,992	2,585,492
Construction in progress	57,817,134	12,665,969
Total cost	83,787,779	50,349,568
Accumulated depreciation	9,736,127	13,734,467
Net property and equipment	\$ 74,051,652	\$ 36,615,101

Depreciation expense was \$1,964,665 and \$1,931,728 as of June 30, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 6 - Property and Equipment (Continued)

Subsequent to June 30, 2025, the Organization entered into a purchase agreement with a third party to sell its Denver headquarters building, building improvements, land, and certain furniture and fixtures for a total sale price, net of transaction costs, of approximately \$12,500,000. The transaction closed on October 6, 2025. After transaction-related expenses and debt paid off, the net estimated proceeds were approximately \$7,800,000. The Organization concluded that the building, building improvements, land, and certain furniture and fixtures met the held-for-sale classification and treatment during the year ended June 30, 2025. These long-lived assets did not qualify as a discontinued operation. As a result of the held-for-sale classification, the Organization compared the carrying value of the assets to the fair value of the assets less transactions costs, resulting in no impairment. As of June 30, 2025, the net book value of the Organization's held-for-sale fixed assets was \$7,397,217, composed of gross property and equipment of \$13,343,401 and accumulated depreciation of \$5,946,184.

Note 7 - Leases

The Organization is obligated under operating leases primarily for warehouse space and vehicles, expiring at various dates through March 2032. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 2.18 percent to 3.42 percent. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was approximately \$1,105,000 and \$885,000 for 2025 and 2024, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2026	\$ 739,753
2027	429,270
2028	428,329
2029	393,614
2030	389,588
Thereafter	<u>236,446</u>
Total	2,617,000
Less amount representing interest	<u>64,378</u>
Present value of net minimum lease payments	2,552,622
Less current obligations	<u>739,753</u>
Long-term obligations under leases	<u><u>\$ 1,812,869</u></u>

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 7 - Leases (Continued)

Expenses recognized under these leases for the years ended June 30, 2025 and 2024 consist of the following:

	2025	2024
Lease cost:		
Operating lease cost	\$ 1,011,285	\$ 790,556
Variable lease cost	94,055	94,431
Short-term lease cost	147,325	178,430
	<u>\$ 1,252,665</u>	<u>\$ 1,063,417</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	\$ 1,011,258	\$ 778,753
Weighted-average remaining lease term (years) - Operating leases	4.37	4.57
Weighted-average discount rate - Operating leases	2.9 %	2.9 %

Note 8 - New Markets Tax Credit Transactions

The New Markets Tax Credit program was established by Congress to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified community development entities (CDEs). Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC program requirements.

The Organization has entered into the following NMTC transactions:

Western Slope Facility 3

During the year ended June 30, 2025, the Organization entered into a series of financing agreements as part of an NMTC transaction to support operating costs related to the Western Slope facility. In April 2025, an NMTC investor made a \$4,290,000 equity investment into COCRF Investor 336, LLC (Investment Fund 4) in exchange for NMTC to be generated from the project over a seven-year compliance period. Simultaneously, FBREF made a \$7,898,000 leveraged loan to Investment Fund 4 at 1.00 percent interest, which matures on September 30, 2051. Investment Fund 4 used those funds to make qualified equity investments into one CDE. The CDE loaned to FBR substantially all of the proceeds of the investments from Investment Fund 4, net of fees, in the aggregate amount of \$10,780,000 (the "WS3 QLICI Loans"). FBR executed and delivered to the CDE loan agreements, promissory notes, and various security documents in connection with the WS3 QLICI Loans. The WS3 QLICI Loans accrue interest at a rate of 1.175 percent and mature on December 31, 2054.

The NMTC has a seven-year compliance period that will expire in the fiscal year ending June 30, 2032, at which time the NMTC investor may execute a put option; if the put option is not exercised, FBREF may exercise a call option. If either the put or call option is exercised, FBREF will purchase the third-party NMTC investor's equity interest in Investment Fund 4, and Investment Fund 4 will acquire the notes payable from FBR to the CDEs; the assets of Investment Fund 3 will settle into FBREF, and the NMTC financing will be considered settled. FBREF may require FBR to continue to fund the notes now directly between them or may forgive those obligations at that time.

Note 8 - New Markets Tax Credit Transactions (Continued)

Aurora Facility

During the year ended June 30, 2024, the Organization entered into a series of financing agreements as part of an NMTC transaction to support the construction of the Aurora facility. In March 2024, an NMTC investor made a \$17,316,000 equity investment into COCRF Investor 277, LLC (Investment Fund 3) in exchange for NMTC to be generated from the project over a seven-year compliance period. Simultaneously, FBREF made a \$39,241,500 leveraged loan to Investment Fund 3 at 1.00 percent interest, which matures on December 31, 2048. Investment Fund 3 used those funds to make qualified equity investments into five CDEs. The CDEs loaned to FBR substantially all of the proceeds of the investments from Investment Fund 3, net of fees, in the aggregate amount of \$54,530,000 (the "Aurora QLICI Loans"). FBR executed and delivered to the CDEs loan agreements, promissory notes, and various security documents in connection with the Aurora QLICI Loans. The Aurora QLICI Loans accrue interest at rates from 1.0 percent to 1.194 percent and mature on December 31, 2053.

The NMTC has a seven-year compliance period that will expire in the fiscal year ending June 30, 2031, at which time the NMTC investor may execute a put option; if the put option is not exercised, FBREF may exercise a call option. If either the put or call option is exercised, FBREF will purchase the third-party NMTC investor's equity interest in Investment Fund 3, and Investment Fund 3 will acquire the notes payable from FBR to the CDEs; the assets of Investment Fund 3 will settle into FBREF, and the NMTC financing will be considered settled. FBREF may require FBR to continue to fund the notes now directly between them or may forgive those obligations at that time.

Western Slope Facility 2

During the year ended June 30, 2023, the Organization entered into a series of financing agreements as part of an NMTC transaction to support the operating costs related to the Western Slope facility as well as reimburse previously incurred working capital expenditures. In April 2023, an NMTC investor made a \$2,702,700 equity investment into FBR-WS 2 Investment Fund, LLC (Investment Fund 2) in exchange for NMTC to be generated from the project over a seven-year compliance period. Simultaneously, FBREF made a \$6,567,300 leveraged loan to Investment Fund 2 at 1.00 percent interest, which matures on March 31, 2050. Investment Fund 2 used those funds to make qualified equity investments into a CDE. The CDE loaned to FBR substantially all of the proceeds of the investments from Investment Fund 2, net of fees, in the aggregate amount of \$8,820,000 (the "WS2 QLICI Loan"). FBR executed and delivered to the CDE a loan agreement, promissory note, and various security documents in connection with the WS2 QLICI Loan. The WS2 QLICI Loan accrues interest at a rate of 1.188 percent and matures on December 31, 2052.

The NMTC has a seven-year compliance period that will expire in the fiscal year ending June 30, 2030, at which time the NMTC investor may execute a put option; if the put option is not exercised, FBREF may exercise a call option. If either the put or call option is exercised, FBREF will purchase the third-party NMTC investor's equity interest in Investment Fund 2, and Investment Fund 2 will acquire the notes payable from FBR to the CDE; the assets of Investment Fund 2 will settle into FBREF, and the NMTC financing will be considered settled. FBREF may require FBR to continue to fund the notes now directly between them or may forgive those obligations at that time.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 8 - New Markets Tax Credit Transactions (Continued)

Western Slope Facility

During the year ended June 30, 2022, the Organization entered into a series of financing agreements as part of an NMTC transaction to support the construction of the Western Slope facility. On November 23, 2021, an NMTC investor made a \$3,738,150 equity investment into FBR-WS Investment Fund, LLC (the "Investment Fund") in exchange for NMTC to be generated from the project over a seven-year compliance period. Simultaneously, FBREF made a \$9,761,850 leveraged loan to the Investment Fund at 1.00 percent interest, which matures on December 31, 2046. The Investment Fund used those funds to make qualified equity investments into a pair of CDEs. The CDEs loaned to FBR substantially all of the proceeds of the investments from the Investment Fund, net of fees, in the aggregate amount of approximately \$13,185,000 (the "WS1 QLICI Loans"). FBR executed and delivered to the CDEs loan agreements, promissory notes, and various security documents in connection with the WS1 QLICI Loans. The WS1 QLICI Loans accrue interest at a rate of 1.142 percent and each matures on December 31, 2051.

The NMTC has a seven-year compliance period that will expire in the fiscal year ending June 30, 2029, at which time the NMTC investor may execute a put option; if the put option is not exercised, FBREF may exercise a call option. If either the put or call option is exercised, FBREF will purchase the third-party NMTC investor's equity interest in the Investment Fund, and the Investment Fund will acquire the notes payable from FBR to the CDEs; the assets of the Investment Fund will settle into FBREF, and the NMTC financing will be considered settled. FBREF may require FBR to continue to fund the notes now directly between them or may forgive those obligations at that time.

Note 9 - Notes Receivable

Notes receivable at June 30 are as follows:

	2025	2024
Note receivable from the Investment Fund dated November 23, 2021, due in quarterly installments of accrued interest at 1.00 percent through December 2028. Commencing with the payment in March 2029, the note is due in quarterly installments of interest at 1.00 percent and principal sufficient to fully amortize the remaining principal balance ahead of maturity on December 31, 2046. The note is collateralized by the assets of the Investment Fund, namely the interests in the sub-CDE entities that are the lenders to the notes payable described in Note 10 related to the NMTC transaction described in Note 8	\$ 9,761,850	\$ 9,761,850
Note receivable from Investment Fund 2 dated April 28, 2023, due in quarterly installments of accrued interest at 1.00 percent through April 28, 2030. Commencing with the payment in March 2031, the note is due in quarterly installments of interest at 1.00 percent and principal sufficient to fully amortize the remaining principal balance ahead of maturity on March 31, 2050. The note is collateralized by the assets of Investment Fund 2, namely the interests in the sub-CDE entity that is the lender to the note payable described in Note 10 related to the NMTC transaction described in Note 8	6,567,300	6,567,300
Note receivable from Investment Fund 3 dated March 15, 2024, due in quarterly installments of accrued interest at 1.00 percent through March 15, 2031. Commencing with the payment in March 2032, the note is due in quarterly installments of interest at 1.00 percent and principal sufficient to fully amortize the remaining principal balance ahead of maturity on December 31, 2048. The note is collateralized by the assets of Investment Fund 3, namely the interests in the sub-CDE entities that are the lenders to the notes payable described in Note 10 related to the NMTC transaction described in Note 8	39,241,500	39,241,500

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 9 - Notes Receivable (Continued)

	2025	2024
Note receivable from Investment Fund 4 dated April 3, 2025, due in quarterly installments of accrued interest at 1.00 percent through December 31, 2032. Commencing with the payment in March 2033, the note is due in quarterly installments of interest at 1.00 percent and principal sufficient to fully amortize the remaining principal balance ahead of maturity on September 30, 2051. The note is collateralized by the assets of Investment Fund 4, namely the interests in the sub-CDE entity that is the lender to the note payable described in Note 10 related to the NMTC transaction described in Note 8	\$ 7,898,000	\$ -
Total notes receivable	\$ 63,468,650	\$ 55,570,650

Note 10 - Long-term Debt

Long-term debt at June 30 is as follows:

	2025	2024
Note payable to the USDA's rural development project in monthly installments of \$7,489, including interest at 3.25 percent. The note is collateralized by a building and is due in September 2054. The note also subjects the Organization to certain reserve requirements	\$ 1,688,695	\$ 1,723,172
On November 23, 2021, as part of the NMTC financing for the Western Slope facility described in Note 8, the Organization entered into a pair of promissory notes for \$7,592,550 and \$2,592,450 of qualified low-income community investment proceeds from CGRF SUBSIDIARY FIFTEEN LLC, a Colorado limited liability company managed by the Colorado Housing and Finance Authority. The notes are secured by an intercreditor agreement between CGRF SUBSIDIARY FIFTEEN LLC, PNC CDE 124 LLC, and the Organization, which includes as joint collateral for all the notes payable under the NMTC various construction disbursement, interest reserve, and debt service accounts, as well as the constructed facility. The notes bear interest at 1.142 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through December 2028, and, beginning in March 2029, both notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2051	10,185,000	10,185,000

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 10 - Long-term Debt (Continued)

	2025	2024
<p>On November 23, 2021, as part of the NMTC financing for the Western Slope facility described in Note 8, the Organization entered into a pair of promissory notes for \$2,169,300 and \$830,700 of qualified low-income community investment proceeds from PNC CDE 124 LLC, a Delaware limited liability company managed by PNC Financial Services Group. The notes are secured by an intercreditor agreement between CGRF SUBSIDIARY FIFTEEN LLC, PNC CDE 124 LLC, and the Organization, which includes as joint collateral for all the notes payable under the NMTC various construction disbursement, interest reserve, and debt service accounts, as well as the constructed facility. The notes bear interest at 1.142 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through December 2028, and, beginning in March 2029, both notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2051</p>	\$ 3,000,000	\$ 3,000,000
<p>On April 28, 2023, as part of the NMTC financing for the Western Slope facility transaction described in Note 8, the Organization entered into a promissory note for \$8,820,000 of qualified low-income community investment proceeds from CEF Sub-CDE 6, LLC, a Missouri limited liability company. The note bears interest at 1.188 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory note, are required through April 2030, and, beginning in March 2031, the note requires principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the note, set to mature on December 31, 2052</p>	8,820,000	8,820,000
<p>On March 15, 2024, as part of the NMTC financing for the Aurora facility transaction described in Note 8, the Organization entered into a pair of promissory notes for \$4,128,000 and \$1,872,000 of qualified low-income community investment proceeds from COCRF SUBCDE 137, LLC, a Delaware limited liability company. The notes bear interest at 1.00 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through January 2032, and, beginning in March 2032, the notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2053</p>	6,000,000	6,000,000
<p>On March 15, 2024, as part of the NMTC financing for the Aurora facility transaction described in Note 8, the Organization entered into a pair of promissory notes for \$8,944,000 and \$3,666,000 of qualified low-income community investment proceeds from CGRF Subsidiary Twenty-Six LLC, a Colorado limited liability company. The notes bear interest at 1.194 percent annually, compounding monthly. Quarterly interest-only payments, in the schedules described in the promissory notes, are required through January 2032, and, beginning in March 2032, the notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2053</p>	12,610,000	12,610,000

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 10 - Long-term Debt (Continued)

	2025	2024
<p>On March 15, 2024, as part of the NMTC financing for the Aurora facility transaction described in Note 8, the Organization entered into a pair of promissory notes for \$10,052,000 and \$3,668,000 of qualified low-income community investment proceeds from CEF Sub-CDE 9, LLC, a Missouri limited liability company. The notes bear interest at 1.194 percent annually, compounding monthly. Quarterly interest-only payments, in the schedules described in the promissory notes, are required through January 2032, and, beginning in March 2032, the notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2053</p>	\$ 13,720,000	\$ 13,720,000
<p>On March 15, 2024, as part of the NMTC financing for the Aurora facility transaction described in Note 8, the Organization entered into a pair of promissory notes for \$10,582,500 and \$4,117,500 of qualified low-income community investment proceeds from RDP 48 LLC, an Iowa limited liability company. The notes bear interest at 1.194 percent annually, compounding monthly. Quarterly interest-only payments, in the schedules described in the promissory notes, are required through January 2032, and, beginning in March 2032, the notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2053</p>	14,700,000	14,700,000
<p>On March 15, 2024, as part of the NMTC financing for the Aurora facility transaction described in Note 8, the Organization entered into three promissory notes for \$5,535,000, \$1,815,000, and \$150,000 of qualified low-income community investment proceeds from NIF SUB 7, LLC, a Delaware limited liability company. The notes bear interest at 1.194 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through January 2032, and, beginning in March 2032, the notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2053</p>	7,500,000	7,500,000
<p>On April 3, 2025, as part of the NMTC financing for the Western Slope facility transaction described in Note 8, the Organization entered into two promissory notes for \$7,898,000 and \$2,882,000 of qualified low-income community investment proceeds from CEF Sub-CDE 13, LLC, a Missouri limited liability company. The notes bear interest at 1.175 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through January 2033, and, beginning in March 2033, the notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2054</p>	10,780,000	-
Unamortized debt issuance costs	(2,178,110)	(1,950,925)
Long-term debt less unamortized debt issuance costs	86,825,585	76,307,247
Less current portion	32,834	31,880
Long-term portion	\$ 86,792,751	\$ 76,275,367

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 10 - Long-term Debt (Continued)

On March 15, 2024, as part of the NMTC financing for the construction of the Aurora facility described in Note 8, the Organization entered into a construction loan agreement with a bank with a principal sum up to \$23,000,000. The Organization can request advances under the agreement through draw requests to the bank, which will include evidence of the construction costs and expenses until June 30, 2026 for the buildout of the interior space of the building. Interest on loan advances is payable monthly at the greater of the sum of 175 basis points plus the one-month term Secured Overnight Financing Rate or 550 basis points (6.08 and 5.33 percent as of June 30, 2025 and 2024, respectively). All principal and interest are due on maturity of the loan, which is set to mature on March 15, 2027. The Organization may extend the maturity date by 12 months to March 15, 2028 if certain conditions are satisfied by the Organization. The loan is collateralized by the land and the personal property on the premise. There was no outstanding balance on the loan as of June 30, 2025 and 2024.

The balance of the above debt matures as follows:

Years Ending	Amount
2026	\$ 32,834
2027	36,599
2028	37,807
2029	39,054
2030	40,342
Thereafter	88,817,059
Unamortized debt issuance cost	(2,178,110)
Total	\$ 86,825,585

Note 11 - Line of Credit

Under a line of credit agreement with a bank, the Organization had available borrowings of approximately \$1,500,000. Interest accrued at the greater of The Wall Street Journal prime rate or 4.00 percent. The line of credit was collateralized by the Denver headquarters building. Effective March 15, 2024, the line of credit agreement was terminated with no outstanding balance on it.

On March 14, 2024, the Organization entered into a line of credit agreement with the same bank with available borrowings of \$7,000,000. Interest is payable monthly and accrues at the one-month term Secured Overnight Financing Rate plus 1.75 percent (effective rate was 6.08 and 7.08 percent at June 30, 2025 and 2024, respectively). The line of credit matures in March 2027. The line of credit is collateralized by the Denver headquarters building. As of June 30, 2025 and 2024, there was \$0 and \$2,500,000 outstanding on the line of credit, respectively. Subsequent to June 30, 2025, the outstanding balance on this line of credit of approximately \$3.9 million was repaid out of the proceeds from the sale of the Organization’s Denver headquarters building (Note 6) and the line of credit was closed.

On December 15, 2025, the Organization entered into a new line of credit agreement with the same bank with available borrowings of \$7,000,000. Interest is payable monthly and accrues at 7.00 percent through January 1, 2026 and thereafter accrues at the Wall Street Journal Prime Rate, subject to a minimum rate of 5.50%. The line of credit matures in December 2028. The line of credit is collateralized by the new Aurora headquarters building. There was no amount outstanding under this agreement as of the date of these consolidated financial statements.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 12 - Net Assets

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

	<u>2025</u>	<u>2024</u>
Board-designated net assets - Quasi endowment	\$ -	\$ 853,223
Undesignated net assets	<u>79,929,541</u>	<u>61,920,501</u>
Total unrestricted net assets	<u>\$ 79,929,541</u>	<u>\$ 62,773,724</u>

Net assets with donor restrictions as of June 30 are available for the following purposes:

	<u>2025</u>	<u>2024</u>
Subject to:		
Food distribution	\$ 3,315,121	\$ 3,891,245
Meeting various purpose restrictions	1,230,987	1,101,758
Both purpose and time restrictions	789,713	1,176,209
Endowment subject to endowment spending policy and appropriation	<u>2,293,962</u>	<u>4,087,531</u>
Total	<u>\$ 7,629,783</u>	<u>\$ 10,256,743</u>

Note 13 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors of FBREF to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors of FBREF appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of FBREF had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ -	\$ 2,175,758	\$ 2,175,758
Accumulated investment gains	-	118,204	118,204
Total	\$ -	\$ 2,293,962	\$ 2,293,962
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 853,223	\$ 4,087,531	\$ 4,940,754
Investment return	-	353,744	353,744
Change in value of life insurance policy	-	(536)	(536)
Total investment return	-	353,208	353,208
Appropriation of endowment assets for expenditure	(853,223)	(2,146,777)	(3,000,000)
Endowment net assets - End of year	\$ -	\$ 2,293,962	\$ 2,293,962
Endowment Net Asset Composition by Type of Fund as of June 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 853,223	\$ -	\$ 853,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,175,758	2,175,758
Accumulated investment gains	-	1,911,773	1,911,773
Total	\$ 853,223	\$ 4,087,531	\$ 4,940,754
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 703,223	\$ 3,564,405	\$ 4,267,628
Investment return	-	522,571	522,571
Change in value of life insurance policy	-	555	555
Total investment return	-	523,126	523,126
Transfers to board-designated endowment funds	150,000	-	150,000
Endowment net assets - End of year	\$ 853,223	\$ 4,087,531	\$ 4,940,754

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

The composition of the endowment assets was as follows as of June 30:

	2025	2024
Life insurance policy	\$ 16,071	\$ 16,607
Investments	2,277,891	4,924,147
Total endowment assets	\$ 2,293,962	\$ 4,940,754

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support future activities while seeking the proper balance of preservation of capital. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the board of directors of FBREF, the endowment assets are invested in a manner that seeks a total annual return approach of the endowment and appropriate capital market measures, such as securities indices, while assuming a moderate level of investment risk. The Organization expects its endowment funds to provide an average rate of return of approximately 6.5 percent to 8.5 percent over the long term. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on optimal allocation of stocks and bonds, in which investment returns are achieved through bonds to satisfy current income requirements and control volatility, common stock to generate capital, and income growth to preserve and enhance the endowment. The Organization targets a diversified asset allocation that places a greater emphasis on fixed-income investments to achieve its long-term return objectives within prudent risk constraints. The board of directors of FBREF is responsible for selecting the asset mix and managers for the endowment. The asset allocation target ranges are as follows:

Equities	40 - 60 percent
Fixed income (including cash reserves)	40 - 60 percent
Cash reserves	As required

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the endowment fund will benefit the Organization and other approved organizations, as determined by the board of directors of FBREF. For the year ended June 30, 2025, a total of \$3,000,000 was distributed to be utilized for organization operations. For the year ended June 30, 2024, distributions available to the Organization were reinvested in the endowment fund.

Note 14 - Contributions of Nonfinancial Assets and Services

The Organization received the following contributions of nonfinancial assets and services, which are primarily restricted for and utilized in food distribution in programs for the years ended June 30:

	2025	2024
Food contributions	\$ 90,870,238	\$ 90,787,537
Commodities contributions	19,087,840	23,044,630
Donated property and equipment	1,929,600	-
Donated materials and services	540,346	793,377
Total	\$ 112,428,024	\$ 114,625,544

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 14 - Contributions of Nonfinancial Assets and Services (Continued)

The Organization receives donated food and commodities from local area merchants, the USDA, and Feeding America (all pound amounts below are unaudited).

During the year ended June 30, 2025, the Organization received and distributed approximately 47,500,000 and 47,400,000 pounds, respectively, of donated usable food. During the year ended June 30, 2024, the Organization received and distributed approximately 46,100,000 and 46,500,000 pounds, respectively, of donated usable food. As of June 30, 2025 and 2024, donated food inventory consisted of approximately 572,000 pounds at an average value of \$1.90 per pound and approximately 450,000 pounds at an average value of \$1.97 per pound, respectively. The fair value of donated food is determined by Feeding America in a study conducted annually and applied by pound.

During the year ended June 30, 2025, the Organization received and distributed approximately 15,200,000 and 15,400,000 pounds, respectively, of commodities. During the year ended June 30, 2024, the Organization received and distributed approximately 16,600,000 and 15,900,000 pounds, respectively, of commodities. The fair value is determined by the USDA, which is typically valued on a per pound basis.

Donated property and equipment and donated materials and services are contributions of nonfinancial assets and services other than food. These donations vary, and the methods used to value these donations vary accordingly but represent management's best estimate of the fair value of the donation at the date it was provided unconditionally. In many cases, management's best estimate is based on values reported by the donor. Donated services are recognized as revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. As discussed in Note 2, donated service hours are received from a large number of members of the community; however, no value for these services has been recorded in the accompanying consolidated financial statements when specialized skills were not required. Only those donated services that create or enhance nonfinancial assets or require specialized skills that would need to have been purchased are recognized in the amounts above.

Note 15 - Commitments and Contingencies

Commitments

The Organization has construction commitments relating to the Organization's new Aurora headquarters. The remaining commitments totaled approximately \$20,926,000 as of June 30, 2025, with the expected completion date of November 2025. Relative to these construction commitments, the Organization entered into a construction loan with a third-party bank with available borrowings of up to \$23,000,000 (see Note 10) and NMTC financing in the amount of \$54,530,000 (see Notes 8 and 10).

Government Contracts

The Organization receives certain revenue from contracts with various governmental agencies. The disbursement of funds received under these contracts generally requires compliance with the terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The receipt of funds under many of these contracts is on a reimbursement basis for qualifying expenses. Refunds of these reimbursements may be necessary if the contracting agencies or their audits disallow claimed expenses or otherwise determine noncompliance. However, management believes the amount of charges to these contracts that may be disallowed from any such audits would not have a significant impact on the consolidated financial statements; accordingly, no provision has been made in the consolidated financial statements for any liability that may result.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 16 - Retirement Plans

The Organization sponsors a 401(k) plan for substantially all employees. Under the retirement plan, employees who work at least 1,000 hours per year are eligible to participate, at which time the Organization will match between 4.5 percent and 8.5 percent, depending on how long the employee has been at the Organization and financial success of the Organization. Contributions to the plan totaled \$538,786 and \$579,011 in fiscal years 2025 and 2024, respectively.

Note 17 - Direct Mailing (Unaudited)

Direct mail produced the following results for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Direct mail contributions	\$ 4,425,436	\$ 4,122,942
Direct mail expense	<u>(1,829,156)</u>	<u>(1,542,141)</u>
Total	<u>\$ 2,596,280</u>	<u>\$ 2,580,801</u>

Supplemental Information



Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report on Supplemental Information

To the Board of Directors
Food Bank of the Rockies, Inc.

We have audited the consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary as of and for the years ended June 30, 2025 and 2024 and have issued our report thereon dated December 17, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedule of Wyoming revenue and expense activities is presented for the purpose 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 audits 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.

Plante & Moran, PLLC

December 17, 2025

Food Bank of the Rockies, Inc.

Schedule of Wyoming Revenue and Expense Activities

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue		
Purchased food reimbursement	\$ 1,568,529	\$ 1,290,384
Food contributions	13,124,110	13,556,041
Commodities contributions	3,576,436	3,794,647
Contributions	2,844,107	2,277,518
Government contract	837,850	399,173
Other income	47,616	137,378
Net assets released from restrictions	<u>389,779</u>	<u>534,033</u>
Total revenue	22,388,427	21,989,174
Expenses		
Salaries and fringes	1,702,942	2,048,698
Contributed food distributed	13,124,110	13,556,041
Commodities food distributed	3,730,779	3,550,078
Purchased food distributed	2,340,284	2,512,824
Transportation costs	455,372	441,466
Other expenses	<u>1,236,413</u>	<u>1,414,569</u>
Total program services	22,589,900	23,523,676
Fundraising and administration expense	<u>1,449,933</u>	<u>1,214,770</u>
Total expenses	<u>24,039,833</u>	<u>24,738,446</u>
Excess of Expenses Over Revenue	<u><u>\$ (1,651,406)</u></u>	<u><u>\$ (2,749,272)</u></u>