

Feeding America Eastern Wisconsin, Inc.

Financial Statements

June 30, 2025 and 2024

Feeding America Eastern Wisconsin, Inc.

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Independent Auditors' Report

To the Board of Directors of
Feeding America Eastern Wisconsin, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Feeding America Eastern Wisconsin, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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 (*Government Auditing Standards*). 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 the Organization 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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, 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 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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
September 19, 2025

Feeding America Eastern Wisconsin, Inc.

Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and equivalents	\$ 2,461,202	\$ 2,857,027
Accounts receivable	277,458	564,455
Grants receivable	392,252	450,863
Pledges receivable	62,550	130,000
Beneficial interest, Greater Milwaukee Foundation, current	4,709,139	4,247,084
Inventories, purchased	241,941	243,111
Inventories, donated	1,696,621	1,693,589
Inventories, United States Department of Agriculture (USDA)	49,360	10,477
Prepaid expenses and deposits	174,808	83,819
Prepaid purchased product	24,941	141,655
Total current assets	10,090,272	10,422,080
Property and Equipment, Net	9,414,530	9,185,999
Other Assets		
Pledges receivable, long-term portion, net	191,502	11,582
Beneficial interest, Feeding America Eastern Wisconsin Foundation, Inc.	3,171,346	2,977,433
Beneficial interest, Greater Milwaukee Foundation	1,452,855	1,372,486
Total other assets	4,815,703	4,361,501
Total assets	\$ 24,320,505	\$ 23,969,580
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 462,516	\$ 339,031
Finance lease payable, current portion	152,885	169,770
Operating lease payable, current portion	16,351	15,063
Accrued compensation	307,861	311,876
Deferred revenue	244,362	121,091
Total current liabilities	1,183,975	956,831
Noncurrent Liabilities		
Finance lease payable, long-term portion	433,730	579,175
Operating lease payable, long-term portion	11,189	10,335
Total noncurrent liabilities	444,919	589,510
Total liabilities	1,628,894	1,546,341
Net Assets		
Without donor restrictions:		
Undesignated	10,394,626	11,961,389
Board designated	4,709,139	4,247,084
Total without donor restrictions	15,103,765	16,208,473
With donor restrictions	7,587,846	6,214,766
Total net assets	22,691,611	22,423,239
Total liabilities and net assets	\$ 24,320,505	\$ 23,969,580

See notes to financial statements.

Feeding America Eastern Wisconsin, Inc.

Statements of Activities

Years Ended June 30, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	2025	Without Donor Restrictions	With Donor Restrictions	2024
Revenue and Other Support						
Emergency food assistance program	\$ 123,970	\$ -	\$ 123,970	\$ 292,840	\$ -	\$ 292,840
SNAP outreach and other government grants	2,171,143	-	2,171,143	955,594	-	955,594
Contributions	8,547,170	2,749,578	11,296,748	8,287,525	2,614,950	10,902,475
Change in fair value of beneficial interest, Feeding America Eastern Wisconsin Foundation, Inc.	-	355,447	355,447	-	145,443	145,443
Change in fair value of beneficial interest, Greater Milwaukee Foundation	462,056	143,033	605,089	460,972	131,121	592,093
Special events	308,092	30,000	338,092	353,982	-	353,982
Purchased product sales	1,944,624	-	1,944,624	1,981,377	-	1,981,377
Donated product contributions	69,402,914	-	69,402,914	66,619,930	-	66,619,930
Tribal elder box contributions	2,019,020	-	2,019,020	1,762,008	-	1,762,008
USDA product contributions	-	5,461,121	5,461,121	-	5,086,951	5,086,951
Coronavirus Relief Fund grant revenue	-	-	-	2,308,112	-	2,308,112
Miscellaneous	232,402	-	232,402	180,711	-	180,711
Net assets released from restrictions	7,366,099	(7,366,099)	-	6,970,908	(6,970,908)	-
Total revenue and other support	92,577,490	1,373,080	93,950,570	90,173,959	1,007,557	91,181,516
Expenses						
Program	89,604,826	-	89,604,826	88,387,212	-	88,387,212
Management and general	1,549,226	-	1,549,226	1,225,369	-	1,225,369
Fundraising	2,528,146	-	2,528,146	2,791,668	-	2,791,668
Total expenses	93,682,198	-	93,682,198	92,404,249	-	92,404,249
Change in net assets	(1,104,708)	1,373,080	268,372	(2,230,290)	1,007,557	(1,222,733)
Net Assets, Beginning	16,208,473	6,214,766	22,423,239	18,438,763	5,207,209	23,645,972
Net Assets, Ending	\$ 15,103,765	\$ 7,587,846	\$ 22,691,611	\$ 16,208,473	\$ 6,214,766	\$ 22,423,239

See notes to financial statements

Feeding America Eastern Wisconsin, Inc.

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 268,372	\$ (1,222,733)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	854,571	866,415
Market change of beneficial interests	(799,000)	(737,536)
Credit losses	67,503	31,521
Lease costs	(17,807)	(14,559)
Inventories, donated	(3,032)	461,751
Inventories, USDA	(38,883)	(8,712)
Changes in assets and liabilities:		
Prepaid expenses and deposits	(90,989)	44,155
Prepaid purchased product	116,714	(51,655)
Accounts receivable	219,494	(295,985)
Grants receivable	58,611	2,394,686
Pledges receivable	(112,470)	(7,773)
Inventories, purchased	1,170	618,428
Accounts payable	123,485	(673,209)
Accrued compensation	(4,015)	123,532
Deferred revenue	123,271	(124,476)
Net cash flows from operating activities	<u>766,995</u>	<u>1,403,850</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,054,469)	(360,731)
Distributions from Greater Milwaukee Foundation	62,663	55,839
Net cash flows from investing activities	<u>(991,806)</u>	<u>(304,892)</u>
Cash Flows From Financing Activities		
Finance lease payments	(171,014)	(169,261)
Net cash flows from financing activities	<u>(171,014)</u>	<u>(169,261)</u>
Net change in cash and equivalents	(395,825)	929,697
Cash and Equivalents, Beginning	<u>2,857,027</u>	<u>1,927,330</u>
Cash and Equivalents, Ending	<u><u>\$ 2,461,202</u></u>	<u><u>\$ 2,857,027</u></u>
Supplemental Cash Flow Disclosures		
Cash paid for interest	<u>\$ 53,218</u>	<u>\$ 62,020</u>
Noncash Investing and Financing Activities		
Property and equipment purchased with finance lease	<u>\$ 8,684</u>	<u>\$ -</u>
Property and equipment purchased with operating lease	<u>\$ 19,949</u>	<u>\$ -</u>

See notes to financial statements.

Feeding America Eastern Wisconsin, Inc.

Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	Program	Management and General	Fundraising	2025	Program	Management and General	Fundraising	2024
Salaries and benefits	\$ 5,096,261	\$ 714,205	\$ 983,688	\$ 6,794,154	\$ 4,457,916	\$ 805,808	\$ 1,451,346	\$ 6,715,070
Fund development	-	-	1,047,057	1,047,057	-	-	1,024,724	1,024,724
Staff development, travel and conferences	108,593	19,744	36,198	164,535	97,749	17,771	32,582	148,102
Occupancy	1,470,199	205,144	34,191	1,709,534	1,739,074	163,602	27,269	1,929,945
Office supplies and services	558,689	465,949	289,000	1,313,638	344,032	121,683	114,678	580,393
Dues and subscriptions	110,089	24,427	44,783	179,299	56,961	10,357	18,986	86,304
Transportation	328,793	44,835	-	373,628	424,980	16,581	497	442,058
Equipment and vehicle repair	36,862	-	-	36,862	131,700	-	-	131,700
Liability, building and vehicle insurance	191,176	26,676	4,446	222,298	162,363	22,217	3,703	188,283
Purchased product and procurement	2,138,536	-	-	2,138,536	2,563,475	1,103	-	2,564,578
Tribal elder box product	2,199,383	-	-	2,199,383	1,123,511	-	-	1,123,511
Community relations and marketing	226,448	41,232	75,923	343,603	280,026	47,268	81,512	408,806
Member services, DATCP infrastructure grants	-	-	-	-	4,135	-	-	4,135
Interest	51,671	-	-	51,671	56,641	1,713	3,141	61,495
Miscellaneous	38,580	7,014	12,860	58,454	228,141	17,266	28,058	273,465
Donated product	69,399,885	-	-	69,399,885	67,148,723	-	-	67,148,723
USDA product	5,422,236	-	-	5,422,236	5,063,582	-	-	5,063,582
Grants	2,227,425	-	-	2,227,425	1,916,737	-	5,172	1,921,909
DATCP product	-	-	-	-	2,587,466	-	-	2,587,466
Total expenses	<u>\$ 89,604,826</u>	<u>\$ 1,549,226</u>	<u>\$ 2,528,146</u>	<u>\$ 93,682,198</u>	<u>\$ 88,387,212</u>	<u>\$ 1,225,369</u>	<u>\$ 2,791,668</u>	<u>\$ 92,404,249</u>

See notes to financial statements

Feeding America Eastern Wisconsin, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

1. General

Feeding America Eastern Wisconsin, Inc. (the Organization) is the largest hunger relief organization in the state of Wisconsin with locations in Milwaukee and the Fox Valley. Founded in 1982 by the Rotary Club of Milwaukee, the Organization is a local and independent member of the Feeding America network. The Organization's mission is to solve hunger through collaboration with over 360-member organizations that serve approximately 2,440,000 persons/meals across 35 counties in Eastern Wisconsin.

2. Summary of Significant Accounting Policies

Tax Status

The Organization has qualified for exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. Donations to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A). Additionally, the Organization is classified as an organization that is not a private foundation under Section 509(a)(2). None of the Organization's current activities are subject to taxation as unrelated business income.

Basis of Accounting

The preparation of financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

Basis of Presentation

Under U.S. GAAP, the Organization is required to report information regarding the financial position and activities according to two classes of net assets, defined as follows:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions. Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Certain net assets may be subject to donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. In most instances, earnings on these net assets are available to the Organization as revenue without restrictions. As the Organization is not the trustee on any of these net assets, it does not consider itself to have an endowment fund.

The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. The Organization's Board of Directors has designated \$4,709,139 and \$4,247,084 as of June 30, 2025 and 2024, respectively. The funds are designated as a reserve for unplanned expenditures and Board approved special projects.

Cash and Equivalents

The Organization defines cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Accounts Receivable

The Organization recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the Organization determined that such receivables are deemed uncollectible. The Organization pools its receivables based on similar risk characteristics in estimating its expected credit losses, with all receivables being considered one pool at June 30, 2025 and 2024. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. No receivable balances were measured individually at June 30, 2025 and 2024. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the Organization considers current and forecasted direction of the economic and business environment. Such forecasted information includes: gross domestic product (GDP) growth, unemployment rates and interest rates amongst others.

The Organization assesses collectability of amounts due prior to the recognition of revenues. Accounts receivable are recorded at net realizable value in accordance with contracts with customers. Accounts are written-off through the allowance when the Organization has exhausted all collection efforts and determines accounts are impaired based on changes in credit worthiness. During the years ended June 30, 2025 and 2024, \$67,503 and \$31,521 of accounts receivable were written-off, respectively. At June 30, 2025 and 2024, \$16,555 and \$9,256 of accounts receivable were allowed for, respectively.

Grants Receivable

Grants receivable represents the outstanding balance of government grants due to the Organization based upon allowable costs incurred. Management determines the need for an allowance for doubtful accounts based on historical collection experience and a review of current receivable balances. No allowance for doubtful accounts is considered necessary at June 30, 2025 and 2024.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contribution revenue at their estimated fair values on the date of donation.

Fair Value Hierarchy

The prioritized fair value hierarchy of financial instruments under U.S. GAAP is summarized as follows:

Level 1 - Quoted prices in active markets, e.g., NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 - Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

Level 3 - Unobservable inputs, which contain certain assumptions by the party valuing those assets. For Level 3 inputs, there is no market data or correlation with market assumptions. Examples would include limited partnership interests, closely held stock, beneficial interests, etc.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized at cost when purchased. Depreciation expense is recorded on a straight-line basis over the estimated useful life of the fixed asset. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in revenue and other support.

Donated property and equipment are recorded as increases in net assets without donor restrictions at their estimated fair value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service, unless donor explicitly states otherwise. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, the Organization has not recorded any impairment for long-lived assets.

Pledges Receivable

Unconditional promises to give are recognized as pledges receivable and contribution revenue in the year received. Pledges receivable expected to be collected beyond one year are recorded at their present values, discounted based on the duration of the pledge as of the date the pledge is received. The discount, which is recorded when the pledge is received, is accreted to contribution revenue using the interest method. Conditional promises to give are recognized when the conditions on which they depend are met.

Beneficial Interests

Accounting guidance requires that a specified beneficiary recognize its rights to the assets held by a recipient organization as an asset. The Organization has recorded its estimated equity in the various funds as a beneficial interest on the statements of financial position. The change in the beneficial interest is recorded in the statements of activities as revenue and other support.

Feeding America Eastern Wisconsin, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

Inventories

Purchased product inventory is stated at the lower of cost (first in, first out) or market.

Donated product inventory is stated based on the average wholesale value of one pound of product as reported by Feeding America, Inc. (National). Donated product contributions consist of products received from donors and donated product expense consists of donated product distributed to recipient agencies.

United States Department of Agriculture (USDA) inventory consists of food allocations from the Emergency Food Assistance Program. The National valuation is used to assign a value to each product, USDA product contributions consist of products received from the USDA and/or USDA managed programs. USDA product expense consists of donated product distributed to recipient agencies.

Contributions

The Organization recognizes all unconditional contributions as income in the period the unconditional contributions are received. Contributions are considered unconditional when the Organization meets any barriers or conditions communicated in the agreement. Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor limitations on use of the support. There were approximately \$2,436,000 and \$2,680,000 of conditional contributions at June 30, 2025 and 2024, respectively.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time primarily in the sorting of food received from donor companies and producers. No amounts have been reflected in the financial statements for these donated services as they do not meet the requirement of specialized skills, therefore they do not meet the criteria for recognition. However, if these services would be obtained through outside help, the additional expense would have a significant impact on the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that are directly attributable to a functional category are charged to that category. Costs that are not directly attributable are allocated based on time and effort.

Deferred Revenue

Deferred revenue includes advance payments received from recipients for future food purchases from the Organization and receipts of contributions with barriers that have not been met at year-end.

Feeding America Eastern Wisconsin, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

3. Contracts With Customers

The Organization's members are billed for a small portion of products distributed based on a pricing structure that is set by National, ultimately constituting an individual contract between the Organization and the member for each distribution. The Organization is obligated to provide products as ordered by the member and completion of this performance obligation occurs upon delivery or receipt of the product by the member.

Payment for product is typically due within 30 days of receipt of product. Although returns and credits exist relating to these contracts, the cumulative effect on revenue is not significant. Net realizable value of receivables from members were \$104,032, \$128,870 and \$194,784 at June 30, 2025, 2024 and 2023, respectively.

Due to the lack of uniformity in product over a period of time, the Organization does not consider a contract to exist until the day the order is scheduled to be distributed. As a result, the Organization does not have contract assets that cover multiple fiscal years, as the contract period is limited to the day of delivery or receipt to the member. The Organization does receive payments from members in advance of the distribution of product, but since the specific products to be distributed are not yet known upon receipt of these payments, no contract liability yet exists. The payments received are recorded in deferred revenue on the statements of financial position.

4. Property and Equipment

Property and equipment are summarized as follows as of June 30:

	2025	2024
Land, building and improvements	\$ 12,710,681	\$ 12,693,257
Warehouse equipment	2,063,457	1,808,681
Furniture and fixtures	1,186,546	887,402
Vehicles	1,138,032	1,138,032
Operating lease right-of-use assets	28,148	24,248
Finance lease right-of-use assets	1,839,239	1,830,555
Construction in progress	497,385	-
Total property and equipment	19,463,488	18,382,175
Less accumulated depreciation	(10,048,958)	(9,196,176)
Net property and equipment	\$ 9,414,530	\$ 9,185,999

5. Fair Value Measurements

Beneficial interests in the Feeding America Eastern Wisconsin Foundation, Inc. (FAEW Foundation) and Greater Milwaukee Foundation are measured at fair value on a recurring basis. The beneficial interests are classified as Level 3 as the fair values are based on significant unobservable inputs (entity specific estimates of cash flows). Since the Organization has an irrevocable right-to-receive income earned from the assets held by others, the fair value of the Organization's beneficial interest is estimated to approximate the fair value of assets.

Feeding America Eastern Wisconsin, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

Information relevant to the measurement of fair value is below:

Fair Value Measurement at June 30, 2025				
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)		
		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Beneficial interest in FAEW Foundation	\$ 3,171,346	\$ -	\$ -	\$ 3,171,346
Beneficial interest in Greater Milwaukee Foundation	6,161,994	-	-	6,161,994
Total	<u>\$ 9,333,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,333,340</u>
Fair Value Measurement at June 30, 2024				
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)		
		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Beneficial interest in FAEW Foundation	\$ 2,977,433	\$ -	\$ -	\$ 2,977,433
Beneficial interest in Greater Milwaukee Foundation	5,619,570	-	-	5,619,570
Total	<u>\$ 8,597,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,597,003</u>

The Organization has beneficial interests whose investments are held in various debt, equity and other securities or beneficial interests which are exposed to risks of loss including, but not limited to, interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain securities and the level of uncertainty related to changes in the value of marketable securities, it is at least reasonably possible that changes in the values of the beneficial interests will occur in the near term and that such changes could materially affect the amounts reported in the financial statements in future periods.

Activity related to Level 3 financial instruments measured at fair value on a recurring basis using significant unobservable inputs included distributions received from the Greater Milwaukee Foundation and FAEW Foundation of \$224,198 and \$219,004 during the years ended June 30, 2025 and 2024, respectively. Transfers to the Greater Milwaukee Foundation and FAEW Foundation were \$0 during the years ended June 30, 2025 and 2024.

Feeding America Eastern Wisconsin, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

6. Beneficial Interest in Greater Milwaukee Foundation

Greater Milwaukee Foundation

U.S. GAAP requires that if a community foundation accepts a contribution from an agency and agrees to transfer those assets, the return on investment of those assets or both back to the agency, then these contributions are presented as a liability (instead of as net assets) on the financial statements of the community foundation and as an asset on the financial statements of the donor. As a result, assets transferred by the Organization to the Greater Milwaukee Foundation, a community foundation, for which the Organization, as donor, is the beneficiary of the transferred assets, have been reflected as an asset on the Organization's statements of financial position. The Organization classifies the funds on the statements of financial position based on the whether the purpose of the funds had a long-term or short-term purpose.

FAEW Foundation

Contributions received on behalf of the Organization, which are being held by FAEW Foundation at year end, are recognized as beneficial interest, FAEW Foundation. Payments subsequently received for these contributions from FAEW Foundation are recorded as a reduction of the beneficial interest, FAEW Foundation. Changes in the beneficial interest are recorded as increases or decreases in net assets with donor restrictions.

7. Pledges Receivable

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges expected to be collected beyond one year are recorded after discounting the future cash flows to their present value. A discount rate of 5% is used. Management estimates an allowance for uncollectible pledges receivable based on its historical losses and an evaluation of past due amounts. Pledges deemed uncollectible by management are written off against the allowance at the time they are determined to be uncollectible. No pledges were deemed uncollectible in 2025 and 2024.

At June 30, 2025 and 2024, \$10,000 and \$80,000 of the total balance, respectively, is donor restricted to be used for specific purposes. The remaining outstanding pledges are to be used for operations.

Pledges receivable outstanding at June 30 are as follows:

	2025	2024
In one year or less	\$ 62,550	\$ 130,000
Between one year and five years	217,500	20,000
Less present value discount	(25,998)	(8,418)
Total	<u>\$ 254,052</u>	<u>\$ 141,582</u>

8. Line of Credit

The Organization has an unsecured line of credit of \$500,000. Interest is payable monthly at the prime rate less .45 basis points. As of June 30, 2025 and 2024, there were no draws on this line of credit.

Feeding America Eastern Wisconsin, Inc.

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9. Net Assets

Net assets with donor restrictions at June 30 are available for the following purpose, time and in perpetuity restrictions:

	<u>2025</u>	<u>2024</u>
Food fund	\$ 335,160	\$ 233,044
Inventory, USDA	49,360	10,477
Time restriction	254,052	141,582
Special projects	2,325,073	1,479,742
FAEW Foundation	3,171,346	2,977,433
Greater Milwaukee Foundation Fund	399,475	375,668
	<u>6,534,466</u>	<u>5,217,946</u>
Total purpose and time restricted	<u>6,534,466</u>	<u>5,217,946</u>
Greater Milwaukee Foundation Fund	<u>1,053,380</u>	<u>996,818</u>
	<u>1,053,380</u>	<u>996,818</u>
Total funds held in perpetuity	<u>1,053,380</u>	<u>996,818</u>
Total net assets with donor restrictions	<u>\$ 7,587,846</u>	<u>\$ 6,214,764</u>

10. Liquidity

The Organization has the following financial assets available as of June 30 that could be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,461,202	\$ 2,857,027
Accounts and grants receivable	669,710	1,015,318
Current pledges receivable, less gifts with purpose restrictions (Note 7)	52,550	50,000
	<u>3,183,462</u>	<u>3,922,345</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,183,462</u>	<u>\$ 3,922,345</u>

None of the financial assets are subject to restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. All accounts and grants receivable on the statements of financial position are expected to be received within one year. Current pledges receivable are subject to implied time restrictions, but are expected to also be received within one year.

The Organization's goal is to maintain financial assets on hand to meet 90 days of normal operating expenses, which excludes donated product expense and includes capital acquisition needs and debt service requirements. Based on normal operating expenditures, the Organization prepares a balanced budget annually, with liquidity being a major focus in budget creation. Liquidity is monitored regularly by management and the Board of Directors of the Organization.

In addition to the financial assets available above, the Organization has access to a \$500,000 line of credit which it can draw upon as needed and the Board of Directors could undesignate \$4,709,139 of designated net assets.

Feeding America Eastern Wisconsin, Inc.

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11. Concentration of Risk

The Organization's cash balances, which are held in federally insured depository institutions, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the balances may have exceeded this insured amount. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts receivable consist of accounts due mainly from food pantries located in eastern Wisconsin.

12. Retirement Plan

The Organization sponsors a 401(k) retirement plan for all eligible employees. The total amount of retirement plan expense for the years ended June 30, 2025 and 2024 was \$103,234 and \$93,023, respectively.

13. Leases

The Organization has operating and finance lease agreements for the use of transportation equipment, warehouse equipment and office equipment. Finance lease obligations are secured by the leased equipment. Remaining lease terms range from one to six years for finance leases and one to three years for operating leases. The discount rate used to determine the present value of lease payments is the risk free rate unless stated in the lease agreement.

The components of lease cost were as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 24,277	\$ 19,560
Finance lease cost:		
Amortization of right-of-use assets	171,014	147,882
Interest on lease liabilities	<u>49,843</u>	<u>58,045</u>
Total	<u>\$ 245,134</u>	<u>\$ 225,487</u>

Supplemental cash flow information related to leases was as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 24,277	\$ 19,560
Operating cash flows from finance leases	49,843	58,045
Financing cash flows from finance leases	<u>171,014</u>	<u>169,261</u>
Total	<u>\$ 245,134</u>	<u>\$ 246,866</u>

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Supplemental statement of financial position information related to leases was as follows:

	<u>2025</u>	<u>2024</u>
Right-of-use assets included in Property and equipment, net on statements of financial position:		
Operating lease right-of-use assets	\$ 28,148	\$ 24,248
Finance lease right-of-use assets	1,839,239	1,830,555
Accumulated depreciation	<u>(1,336,279)</u>	<u>(1,132,961)</u>
Total	<u>\$ 531,108</u>	<u>\$ 721,842</u>
Right-of-use assets obtained in exchange for new finance lease liabilities	<u>\$ 8,684</u>	<u>\$ -</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 19,949</u>	<u>\$ -</u>
Weighted average remaining lease term:		
Operating leases	three years	two years
Finance leases	three years	four years
Weighted average discount rate:		
Operating leases	4.75%	4.75%
Finance leases	7.63	7.47

The following is a schedule of future minimum lease payments under the finance leases together with the present value of the net minimum lease payments for the years ending after June 30, 2025:

Years ending June 30:	
2026	\$ 192,065
2027	171,216
2028	155,856
2029	141,460
2030	<u>21,640</u>
Total future minimum lease payments	682,237
Less interest	<u>(95,622)</u>
Present value of future minimum lease payments	586,615
Less current portion	<u>(152,885)</u>
Long-term finance lease obligation	<u>\$ 433,730</u>

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The following is a schedule of future minimum lease payments under the operating leases together with the present value of the net minimum lease payments for the years ending June 30, 2025:

Years ending June 30:	
2026	\$ 17,142
2027	8,202
2028	<u>3,574</u>
Total future minimum lease payments	28,918
Less interest	<u>(1,378)</u>
Present value of future minimum lease payments	27,540
Less current portion	<u>(16,351)</u>
Long-term operating lease obligation	<u>\$ 11,189</u>

14. Related-Party Transactions

Bookkeeping and accounting services are performed by the Organization for the FAEW Foundation. There is a service agreement between the FAEW Foundation and the Organization which specifies the services provided and the fee to be paid by the FAEW Foundation. The Organization charged \$10,000 for services provided during the years ended June 30, 2025 and 2024.

Board members typically make contributions to the Organization and may also be from firms or foundations that contribute to the Organization. In addition, Board members may be employees of firms with which the Organization has business relationships. Annually, Board members are required to disclose those interests.

15. Contributed Nonfinancial Assets

Contributed nonfinancial assets are comprised of donated product and product received from the USDA. Donated product is utilized via distribution to food pantries, as well as via distribution to individual recipients at mobile and school pantries operated by the Organization. USDA product is utilized via distribution to food pantries, although limited to those that are allowed participants under the Organization's Emergency Food Assistance Program agreement with the State of Wisconsin Department of Health Services. Due to the limitation on pantries that the Organization can distribute USDA product to, revenues recognized are restricted until the product is distributed.

Both donated product and USDA product inventory is valued using the average wholesale value of one pound of product as reported by National.

16. Contingencies

Litigation, Claims and Disputes

Occasionally, the Organization is a defendant in lawsuits arising in the ordinary course of business. Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Organization's financial statements.

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Notes to Financial Statements

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Financial Awards From Grantors

Financial awards from federal and state governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

17. Subsequent Events

The Organization has evaluated subsequent events through September 19, 2025, which is the date that the financial statements were approved and available to be issued, for events requiring disclosures or recording in the financial statements.