




United Food Bank and Waste Not

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2024 and 2023



**United Food Bank and Waste Not
Contents
June 30, 2024 and 2023**

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Independent Auditor's Report

Board of Directors
United Food Bank and Waste Not
Mesa, Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Food Bank and Waste Not (the "Organization") which comprise the statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the United Food Bank and Waste Not as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in the *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 "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of United Food Bank and Waste Not, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Year Audited by Other Auditors

The 2023 consolidated financial statements were audited by other auditors, and their report thereon, dated October 19, 2023, expressed an unmodified 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 United Food Bank and Waste Not's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompany consolidating supplementary information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. The accompanying consolidated schedule of expenditures of federal awards, as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also included our report dated March 20, 2025, on our consideration of United Food Bank and Waste Not'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 United Food Bank and Waste Not's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Greenville, South Carolina
March 20, 2025**

United Food Bank and Waste Not
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10,674,745	\$ 9,978,008
Certificates of deposit	250,211	-
Grants receivable	226,122	437,877
Prepaid expenses and other current assets	23,460	48,931
Inventories	2,236,258	1,923,786
Total Current Assets	<u>13,410,796</u>	<u>12,388,602</u>
Investments restricted for long-term purposes	2,477,996	2,192,881
Property and equipment, net	<u>10,538,518</u>	<u>10,935,784</u>
Total Assets	<u>\$ 26,427,310</u>	<u>\$ 25,517,267</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 662,617	\$ 482,778
Accrued expenses	385,181	175,674
Deferred revenue	170,721	1,568,331
Accrued interest payable	6,494	6,737
Current portion of note payable	71,801	68,566
Total current liabilities	<u>1,296,814</u>	<u>2,302,086</u>
Note payable, net	<u>1,746,396</u>	<u>1,816,157</u>
Total Liabilities	<u>3,043,210</u>	<u>4,118,243</u>
Net Assets		
Without donor restrictions		
Undesignated	18,639,198	17,268,385
Designated for special projects	724,018	724,018
Designated for endowment	2,020,199	1,813,902
Net assets without donor restrictions	<u>21,383,415</u>	<u>19,806,305</u>
With donor restrictions	<u>2,000,685</u>	<u>1,592,719</u>
Total Net Assets	<u>23,384,100</u>	<u>21,399,024</u>
Total Liabilities and Net Assets	<u>\$ 26,427,310</u>	<u>\$ 25,517,267</u>

**United Food Bank and Waste Not
Consolidated Statement of Activities
Year Ended June 30, 2024**

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Donated food	\$ 47,790,532	\$ -	\$ 47,790,532
Donated services	3,460	-	3,460
Donated rent	25,656	-	25,656
Contributions	4,326,573	-	4,326,573
Contracts and grants	2,308,637	3,609,203	5,917,840
Shared maintenance revenue	70,588	-	70,588
Investment income	525,791	94,332	620,123
Rental income	64,569	-	64,569
Other revenues	144,719	-	144,719
Special events, net	178,424	-	178,424
Net assets released from restrictions	3,295,569	(3,295,569)	-
Total Revenues, Gains, and Other Support	58,734,518	407,966	59,142,484
Expenses			
Food distribution	53,980,342	-	53,980,342
Management and general	1,388,911	-	1,388,911
Fundraising	1,788,155	-	1,788,155
Total Expenses	57,157,408	-	57,157,408
Change in Net Assets	1,577,110	407,966	1,985,076
Net Assets, Beginning of Year	19,806,305	1,592,719	21,399,024
Net Assets, End of Year	\$ 21,383,415	\$ 2,000,685	\$ 23,384,100

**United Food Bank and Waste Not
Consolidated Statement of Activities
Year Ended June 30, 2023**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Donated food	\$ 41,147,701	\$ -	\$ 41,147,701
Donated services	23,375	-	23,375
Donated rent	25,656	-	25,656
Contributions	4,159,880	-	4,159,880
Contracts and grants	4,294,839	1,361,784	5,656,623
Shared maintenance revenue	101,082	-	101,082
Investment income	181,270	43,601	224,871
Rental income	351,414	-	351,414
Other revenues	165,645	-	165,645
Special events	21,473	-	21,473
Net assets released from restrictions	1,262,914	(1,262,914)	-
Total Revenues, Gains, and Other Support	51,735,249	142,471	51,877,720
Expenses			
Food distribution	46,870,122	-	46,870,122
Management and general	1,205,548	-	1,205,548
Fundraising	1,426,241	-	1,426,241
Total Expenses	49,501,911	-	49,501,911
Change in Net Assets	2,233,338	142,471	2,375,809
Net Assets, Beginning of Year	17,572,967	1,450,248	19,023,215
Net Assets, End of Year	\$ 19,806,305	\$ 1,592,719	\$ 21,399,024

**United Food Bank and Waste Not
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024**

	2024				
	Program Services	Supporting Services			Total
	Food Distribution	Management and General	Fundraising	Total Supporting Services	
Value of donated food and supplies distributed	\$ 47,351,516	\$ -	\$ -	\$ -	\$ 47,351,516
Cost of purchased food and supplies	1,136,876	-	-	-	1,136,876
Unusable salvage	95,045	-	-	-	95,045
Salaries and wages	1,820,225	689,994	692,931	1,382,925	3,203,150
Payroll taxes and benefits	427,330	177,146	211,343	388,489	815,819
Retirement contribution	42,812	15,413	13,172	28,585	71,397
Direct mail	-	-	197,227	197,227	197,227
Depreciation and amortization	909,835	42,771	25,299	68,070	977,905
Professional fees and outside services	182,096	196,449	110,076	306,525	488,621
Advertising	-	-	339,067	339,067	339,067
Vehicle expense	529,948	-	-	-	529,948
Utilities	141,829	26,019	17,647	43,666	185,495
Interest on long-term debt	76,913	3,960	1,764	5,724	82,637
Warehouse supplies	233,790	-	-	-	233,790
Repairs and maintenance- warehouse equipment	74,563	-	-	-	74,563
Occupany- donated	14,400	-	-	-	14,400
Rent	8,856	-	-	-	8,856
Telecommunications	44,904	7,262	4,177	11,439	56,343
Dues, subscriptions and fees	10,355	47,696	60,674	108,370	118,725
Membership dues	50,264	28,472	3,613	32,085	82,349
Insurance	79,095	19,117	1,434	20,551	99,646
Postage, shipping and courier	840	224	8,952	9,176	10,016
Printing and publications	25,129	56	1,897	1,953	27,082
Repairs and maintenance- occupancy	86,735	4,365	4,365	8,730	95,465
Office supplies	3,350	4,862	1,191	6,053	9,403
Conferences and meetings	18,887	72,712	5,902	78,614	97,501
Computer expenses	28,107	16,373	2,339	18,712	46,819
Volunteer supplies	208	-	-	-	208
Minor equipment expense	159,178	2,188	4,470	6,658	165,836
Travel	6,850	30,650	8,434	39,084	45,934
Recognition	4,212	3,182	656	3,838	8,050
Warehouse equipment leases	58,153	-	-	-	58,153
Uniforms	14,323	-	-	-	14,323
Agency grants	260,476	-	-	-	260,476
Agency conference and support	31,676	-	-	-	31,676
Other	51,566	-	71,525	71,525	123,091
Total expenses	\$ 53,980,342	\$ 1,388,911	\$ 1,788,155	\$ 3,177,066	\$ 57,157,408

**United Food Bank and Waste Not
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023**

	2023				
	Program Services	Supporting Services			Total
	Food Distribution	Management and General	Fundraising	Total Supporting Services	
Value of donated food and supplies distributed	\$ 40,984,574	\$ -	\$ -	\$ -	\$ 40,984,574
Cost of purchased food and supplies	1,233,859	-	-	-	1,233,859
Unusable salvage	121,074	-	-	-	121,074
Salaries and wages	1,789,031	551,359	563,292	1,114,651	2,903,682
Payroll taxes and benefits	397,383	193,880	68,969	262,849	660,232
Retirement contribution	31,790	9,859	11,063	20,922	52,712
Direct mail	-	-	56,735	56,735	56,735
Depreciation and amortization	766,306	147,039	21,855	168,894	935,200
Professional fees and outside services	84,329	121,261	249,976	371,237	455,566
Advertising	13,862	-	361,694	361,694	375,556
Vehicle expense	484,353	-	-	-	484,353
Utilities	127,344	7,189	2,185	9,374	136,718
Interest on long-term debt	73,298	4,609	5,343	9,952	83,250
Warehouse supplies	144,773	-	-	-	144,773
Repairs and maintenance- warehouse equipment	50,546	-	-	-	50,546
Occupancy- donated	14,400	-	-	-	14,400
Rent	-	8,856	-	8,856	8,856
Telecommunications	40,845	7,108	2,256	9,364	50,209
Dues, subscriptions and fees	7,702	33,354	35,335	68,689	76,391
Membership dues	45,002	33,927	2,527	36,454	81,456
Insurance	50,850	7,344	1,041	8,385	59,235
Postage, shipping and courier	-	75	8,920	8,995	8,995
Printing and publications	12,679	393	9,670	10,063	22,742
Repairs and maintenance- occupancy	72,285	2,436	1,756	4,192	76,477
Office supplies	3,164	4,130	1,453	5,583	8,747
Conferences and meetings	24,940	25,275	10,048	35,323	60,263
Computer expenses	78	7,081	1,684	8,765	8,843
Volunteer supplies	9,165	-	-	-	9,165
Minor equipment expense	11,010	27,216	511	27,727	38,737
Travel	6,153	4,558	3,119	7,677	13,830
Recognition	2,953	4,522	143	4,665	7,618
Warehouse equipment leases	874	-	-	-	874
Uniforms	12,799	106	-	106	12,905
Agency grants	228,947	-	-	-	228,947
Agency conference and support	14,791	-	-	-	14,791
Other	8,963	3,971	5,270	9,241	18,204
Special events expense	-	-	1,396	1,396	1,396
Total expenses	\$ 46,870,122	\$ 1,205,548	\$ 1,426,241	\$ 2,631,789	\$ 49,501,911

**United Food Bank and Waste Not
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,985,076	\$ 2,375,809
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Amortization of debt costs	2,040	2,040
Depreciation and amortization	977,905	935,200
Gain on disposal of property and equipment	(60,987)	(22,000)
Realized and unrealized gains on investments	(244,825)	(111,753)
Changes in operating assets and liabilities:		
Grants receivable	211,755	304,837
Inventories	(312,472)	(219,517)
Prepays and deposits	25,471	8,856
Accounts payable	179,839	263,104
Accrued expenses	209,264	(141,284)
Deferred revenue	(1,397,610)	832,699
Net cash provided by operating activities	<u>1,575,456</u>	<u>4,227,991</u>
Cash Flows From Investing Activities		
Purchases of investments	(40,290)	(2,079,032)
Proceeds from sale of investments	-	1,125,441
Purchases of certificates of deposit	(250,211)	-
Purchases of property and equipment	(599,651)	(224,995)
Proceeds from sale of property and equipment	79,999	-
Transfers from investment to checking account	-	895,986
Net cash used by investing activities	<u>(810,153)</u>	<u>(282,600)</u>
Cash Flows From Financing Activities		
Payments on note payable	(68,566)	(65,923)
Net cash used by financing activities	<u>(68,566)</u>	<u>(65,923)</u>
Net increase in cash and cash equivalents	696,737	3,879,468
Cash and Cash Equivalents, Beginning of Year	<u>9,978,008</u>	<u>6,098,540</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,674,745</u>	<u>\$ 9,978,008</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ 82,880</u>	<u>\$ 83,483</u>

Note 1. Organization

The United Food Bank, located in Mesa, Arizona, is a nonprofit organization that was incorporated in February 1985 to serve as a distribution center in the Phoenix, Arizona metropolitan area for donated food and supplies. The mission is to stabilize the lives of hungry, low income people within in Eastern Maricopa, Gila and Pinal, and Southern Navajo and Apache Counties of Arizona by actively acquiring, storing and distributing large quantities of wholesome and nutritious foods to our network of community and strategic partners, combined with advocacy and education initiatives that enhance lives.

On July 1, 2019, Waste Not became a subsidiary organization of United Food Bank (collectively, the "Organization"), creating a food rescue division of the Food Bank. Waste Not rescues and distributes excess prepared and perishable food from restaurants, resorts, caterers, grocers, and event venues. They are creating sustainable food systems that help people and the planet flourish. They do so by eliminating food waste and hunger through innovative community partnerships.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for special projects and board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Principles of Consolidation

The consolidated financial statements include the accounts of United Food Bank and Waste Not. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**United Food Bank and Waste Not
Notes to Consolidated Financial Statements
June 30, 2024 and 2023**

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an initial maturity or three months or less to be cash and cash equivalents. At times, amounts may exceed Federal Deposit Insurance Corporation insured limits.

Certificates of Deposit

Certificates of deposit (“CDs”) at June 30, 2024, have varying interest rates and maturity dates in 2024 and are carried at cost. The Organization considers CDs to be fully realizable; accordingly, no expected credit losses are required as of June 30, 2024. The Organization does not believe there are significant credit risks associated with these CDs.

Grants Receivable

Grants receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to contributions and grants receivable. Management considers the grants receivable to be fully collectible, and therefore, an allowance for doubtful accounts is not deemed necessary.

Inventories

Donated inventories are stated at the estimated value per pound of \$1.93 and \$1.92 as of June 30, 2024 and 2023, respectively, as determined by Feeding America, a national association of food banks, which provides assistance and valuation of food commodities. Purchased inventories are stated at the lower of first-in, first-out (FIFO) basis cost or net realizable value.

Investments

The Organization measures its investments at fair value, based on the quoted market prices. The Organization’s investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the consolidated statements of financial position.

Net Investment Income

Investment income includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment is stated at cost or estimated fair value if contributed. Depreciation is recorded and computed using the straight-line method over the estimated useful life of each asset. The Organization capitalizes assets with a basis of \$2,500 or more and an estimated useful life of one year or more.

United Food Bank and Waste Not
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

The estimated useful lives of each major depreciable classification of property and equipment are as follows:

Buildings and improvements	30 years
Vehicles	5 years
Machinery, equipment and furniture	5 years
Website	5 years

Deferred Revenues

Revenue from fees for programs is deferred and recognized over the periods to which the fees relate.

Grants and Contributions

Contributions are recognized as revenue when they are received. Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contract services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the grant agency and, as a result of such audit, adjustments could be required.

When a donor 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 consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions. Conditional promises outstanding at June 30, 2024 and 2023, were \$950,000 and \$1,568,331, respectively.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the square footage and payroll allocations.

Advertising Costs

The Organization uses advertising to promote its programs to the various groups it serves. Advertising costs are charged to operations as incurred. Advertising expense charged to operations were \$339,067 and \$375,556 for the years ended June 30, 2024 and 2023, respectively.

United Food Bank and Waste Not
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, no provision for federal income taxes has been recorded. In addition, the Organization qualifies for charitable deductions under Section 170 of the Code and has been classified as an organization that is not a private foundation.

The Organization files tax returns in the U.S. federal jurisdiction.

The Organization follows a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's consolidated financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The policy has had no impact on the Organization's consolidated financial statements.

Benefits

The Organization has a partially self-insured health benefit program covering medical and prescription claims. The plan includes a stop-loss provision that insures claims exceeding \$293,724 up to a maximum of \$25,000 per person or \$1,000,000 in total.

Liabilities for health insurance claims incurred but not reported are estimated based on historical claims. At June 30, 2024 and 2023, the provision for health insurance claims incurred but not reported was \$143,587 and \$39,189, respectively.

Revisions

The June 30, 2023, advertising note disclosure amount was revised for an immaterial error from \$432,291 to \$375,566.

Reclassification

Certain reclassifications have been made to the 2023 consolidated financial statements to conform to the 2024 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through March 20, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Total financial assets	\$ 13,629,074	\$ 12,608,766
Less: Donor-imposed restrictions	<u>2,000,685</u>	<u>1,592,719</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 11,628,389</u>	<u>\$ 11,016,047</u>

United Food Bank and Waste Not
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The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment has been set aside for future needs. Although the Organization does not intend to spend from this board-designated endowment, these amounts could be made available if necessary. To help manage unanticipated liquidity needs, the Organization may utilize the board-designated endowment.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Note 4. Grants Receivable

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of year end have been recorded as receivables. Grants receivable were \$226,122 and \$437,877 as of June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, 75% was from two granting agencies. The receivables are all due within the next 12 months.

Note 5. Inventories

Inventories consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Donated	\$ 336,501	\$ 338,888
Purchased	146,212	173,150
USDA commodities	<u>1,753,545</u>	<u>1,411,748</u>
	<u>\$ 2,236,258</u>	<u>\$ 1,923,786</u>

Note 6. Investments Restricted for Long-Term Purposes

Investments are stated at fair value and consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Equity securities	\$ 17,496	\$ 13,516
Interest in Arizona Community Foundation Investment Pools	<u>2,460,500</u>	<u>2,179,365</u>
	<u>\$ 2,477,996</u>	<u>\$ 2,192,881</u>

The Organization holds assets in an agreement with the Arizona Community Foundation. The funds are stated at fair value, which was determined based on quoted market prices of the underlying holdings. As both the resource provider (the transferor of assets to the Arizona Community Foundation) and as the self-named beneficiary, United Food Bank and Waste Not recognizes the funds held by the Arizona Community Foundation as long-term

United Food Bank and Waste Not
Notes to Consolidated Financial Statements
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investments and classifies the funds in long-term assets. The Arizona Community Foundation holds these assets in a board-advised fund with the income and principal available for distribution to the Organization subject to the Organization's board of directors' approval and subject to the Organization advising that the distribution be made in accordance with the provisions of the agreement.

Note 7. Fair Value Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

	Fair value measurements at June 30, 2024 using:			
	Fair value at June 30, 2024	Quoted prices In active markets for identical assets and liabilities (Level 1 inputs)	Quoted Prices for similar assets and liabilities (Level 2 inputs)	Significant Unobservable inputs (Level 3 inputs)
Assets measured at fair value:				
Interest in Arizona Community Foundation Investment Pool	\$ 2,460,500	\$ -	\$ -	\$ 2,460,500
Equity securities	<u>17,496</u>	<u>17,496</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,477,996</u>	<u>\$ 17,496</u>	<u>\$ -</u>	<u>\$ 2,460,500</u>

	Fair value measurements at June 30, 2023 using:			
	Fair value at June 30, 2023	Quoted prices In active markets for identical assets and liabilities (Level 1 inputs)	Quoted Prices for similar assets and liabilities (Level 2 inputs)	Significant Unobservable inputs (Level 3 inputs)
Assets measured at fair value:				
Interest in Arizona Community Foundation Investment Pool	\$ 2,179,365	\$ -	\$ -	\$ 2,179,365
Equity securities	<u>13,516</u>	<u>13,516</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,192,881</u>	<u>\$ 13,516</u>	<u>\$ -</u>	<u>\$ 2,179,365</u>

United Food Bank and Waste Not
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Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2024. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Interest in Assets at Arizona Community Foundation

Fair value is estimated using the fair value of the underlying investments. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Note 8. Property and Equipment, Net

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 3,116,922	\$ 3,116,922
Buildings and improvements	8,178,075	8,061,796
Vehicles	3,244,883	2,670,058
Machinery, equipment and furniture	814,379	801,864
Website	<u>20,080</u>	<u>20,080</u>
	15,374,339	14,670,720
Less: accumulated depreciation	<u>(4,987,979)</u>	<u>(4,084,204)</u>
	10,386,360	10,586,516
Construction in progress	<u>152,158</u>	<u>349,268</u>
Property and equipment, net	<u>\$ 10,538,518</u>	<u>\$ 10,935,784</u>

United Food Bank and Waste Not
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 9. Note Payable

The Organization is obligated under the terms of a note payable issued for a property and building at 308-310 S Extension Rd. which is secured by the property and building. The note requires monthly payments, including interest at a fixed rate of 4.25% through 2026 and an adjustable rate thereafter of Wall Street Journal Prime rate +1.25% with a floor of 4.25% and a cap of 6.25%. All unpaid principal and interest is due on December 27, 2031.

The annual maturities of the long-term debt at June 30, 2024, are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 71,801
2026	74,929
2027	77,460
2028	80,000
2029	83,924
Thereafter	<u>1,445,383</u>
Total	1,833,497
Less: Current maturities	71,801
Less: Unamortized loan costs	<u>15,300</u>
Note payable, net	<u>\$ 1,746,396</u>

United Food Bank and Waste Not
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specific Purpose:		
Costco – Kids Life	\$ -	\$ 40,909
Albertsons “Hunger Is” Grant- Kids Life	-	56,090
SRPMIC – Produce Boxes	-	18,662
Seasons for Sharing – Kids Life	-	4,072
Fry’s – Food Boxes	-	5,000
Superbowl Legacy Grant	-	18,750
Sprouts Health Communities Foundation – Kids Life	-	5,000
Google – Technology	21,696	94,042
Cigna – Holdeman School Pantry	-	223
Feeding America – Senior Hunger	123,902	90,712
Feeding America – Employee Engagement Survey	-	4,350
Feeding America – Salary and Benefits	60,000	-
Feeding America – Food Purchases	52,758	-
Santander – Fuel & Other Transportation Costs	-	17,875
Dunkin’ Joy in Childhood Foundation – Kids Life	-	5,000
The Kemper and Ethel Marley Foundation – Fuel, Produce, Rural Agency Capacity Building	-	54,042
Arizona Diamondbacks Foundation – Kids Life	-	5,000
Arizona Cardinals – Kids Life	-	5,000
State Farm – Holiday Distribution Food	-	25,000
Arizona Diamondbacks Foundation – Day Cab Semi	-	125,000
Bottles for Bill	3,821	-
Arizona Charitable Foundation – Fresh Food	10,000	-
Dignity Health – Staffing and Supplies	31,500	-
Student Hunger Program	113,500	-
Virginia G. Piper Charitable Trust – Development	335,921	-
SRP – Fuel and Program Salary	-	3,333
Feeding Programs	50,000	-
Smith Tieken Foundation – Professional Support Staff	106,210	-
Truck Purchase	177,600	-
Total	<u>1,086,908</u>	<u>578,060</u>
Subject to Passage of Time:		
Valley of the Sun United Way	-	175,000
Waymo – Summer of a Million Meals	-	12,700
Tempe Empty Bowls	-	7,515
Total	-	<u>195,215</u>
Endowments:		
Earnings on Endowment Funds	612,940	518,607
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity	<u>300,837</u>	<u>300,837</u>
Total	<u>913,777</u>	<u>819,444</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,000,685</u>	<u>\$ 1,592,719</u>

United Food Bank and Waste Not
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Net assets with donor restrictions of \$3,295,569 and \$1,262,914 were released from restrictions when the activity or time restrictions were met as of June 30, 2024 and 2023, respectively.

Note 11. Endowments

The Organization's governing body is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The Organization's endowment were established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Funds with Deficiencies

It is the Organization's policy to maintain the corpus amounts of each individual donor-restricted endowment fund received. If the fair value of assets associated with Individual donor-restricted endowment funds were to fall below the level that the donor or the Act requires, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies of the fair value of assets associated with individual donor restricted endowment funds below the level the donor or the Act requires the Organization to retain as a fund of perpetual duration as of June 30, 2024 and 2023.

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 programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

United Food Bank and Waste Not
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Management targets a diversified asset allocation that meets the Organization's long-term rate of return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's spending policy is consistent with its objective of preservation of the fair value of the original gift of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30 is as follows:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated	\$ 2,020,199	\$ -	\$ 2,020,199
Donor-Restricted	<u>-</u>	<u>913,777</u>	<u>913,777</u>
Total assets	<u>\$ 2,020,199</u>	<u>\$ 913,777</u>	<u>\$ 2,933,976</u>
	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated	\$ 1,813,902	\$ -	\$ 1,813,902
Donor-Restricted	<u>-</u>	<u>819,444</u>	<u>819,444</u>
Total assets	<u>\$ 1,813,902</u>	<u>\$ 819,444</u>	<u>\$ 2,633,346</u>

The following table outlines the change in endowment net assets and the classification and use of earnings from endowments for the years ended June 30, 2024 and 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2023	\$ 1,813,902	\$ 819,444	\$ 2,633,346
Investment income	51,277	22,007	73,284
Change in unrealized gains on investment, net	<u>168,520</u>	<u>72,326</u>	<u>240,846</u>
Total investment return	219,797	94,333	314,130
Appropriation of expenditures	<u>(13,500)</u>	<u>-</u>	<u>(13,500)</u>
Endowment net assets, June 30, 2024	<u>\$ 2,020,199</u>	<u>\$ 913,777</u>	<u>\$ 2,933,976</u>

United Food Bank and Waste Not
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2022	\$ 1,690,768	\$ 775,843	\$ 2,466,611
Investment loss	(12,670)	(5,437)	(18,107)
Change in unrealized gains on investment, net	<u>114,260</u>	<u>49,038</u>	<u>163,298</u>
Total investment return	101,590	43,601	145,191
Contributions	<u>21,544</u>	<u>-</u>	<u>21,544</u>
Endowment net assets, June 30, 2023	<u>\$ 1,813,902</u>	<u>\$ 819,444</u>	<u>\$ 2,633,346</u>

Note 12. Retirement Plan

The Organization sponsors a 401(k) plan that covers all employees who meet specified age and service requirements. Each participant may contribute eligible compensation to the plan on a pretax basis up to the maximum allowed by the IRC. The plan also provides for discretionary contributions by the Organization. The Organization made contributions to the plan during the years ended June 30, 2024 and 2023 of \$71,397 and \$61,246, respectively.

Note 13. Leases

The Organization began leasing office space to an unrelated party in December 2021. The lease initial lease term expired on December 31, 2022, and continued on a month-to-month basis through August 2023. Rental revenue recognized by the Organization was \$64,569 and \$351,414 during the years ended June 30, 2024 and 2023, respectively.

Note 14. Concentration of Credit Risk

The Organization maintains its cash deposit accounts at various financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, the Organization may maintain bank account balances in excess of the FDIC insured limit. The Organization has not experienced losses in such deposit accounts and believes it is not exposed to any significant credit risk in this regard.

Note 15. Contributed Nonfinancial Assets

For the years ended June 30, contributed nonfinancial assets recognized within the consolidated statement of activities included:

Donated food received by the Organization is provided to partner agencies for distribution in their community to those in need. The Organization estimates the value of donated food using either the fair market value provided by the granting agency, or the estimated average price per pound as determined by Feeding America, which was \$1.93 and \$1.92 per pound for the years ended June 30, 2024 and 2023, respectively. Donated food was restricted to be utilized in the Organization's food distribution programs. The Organization does not sell donated food and only distributes the food for program use.

United Food Bank and Waste Not
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June 30, 2024 and 2023

Donated services recognized comprise professional consulting services provided to the Organization. Donated services were valued and reported at the estimated fair value based on current rates for similar consulting services. Donated services were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

The Organization entered into various lease agreements for office and warehouse spaces in which payments stated in the agreements are less than the amount that would be charged for similar space rented under similar terms. Donated rent was valued and reported as the difference between the fair value of the spaces rented and the consideration exchanged. The donated leased properties were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated rent. The lease agreements are cancelable by the lessor or the Organization within a reasonable notice period.

Supplementary Information

United Food Bank and Waste Not
Consolidating Statement of Financial Position
Year Ended June 30, 2024

	<u>United Food Bank</u>	<u>Waste Not</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash and cash equivalents	\$ 9,874,208	\$ 800,537	\$ -	\$ 10,674,745
Certificates of deposit	-	250,211	-	250,211
Grants receivable	343,997	-	(117,875)	226,122
Prepaid expenses and other current assets	23,460	-	-	23,460
Inventories	2,236,258	-	-	2,236,258
Total Current Assets	<u>12,477,923</u>	<u>1,050,748</u>	<u>(117,875)</u>	<u>13,410,796</u>
Investments restricted for long-term purposes	2,477,996	-	-	2,477,996
Property and equipment, net	10,334,341	204,177	-	10,538,518
Total Assets	<u>\$ 25,290,260</u>	<u>\$ 1,254,925</u>	<u>\$ (117,875)</u>	<u>\$ 26,427,310</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 641,357	\$ 139,135	\$ (117,875)	\$ 662,617
Accrued expenses	374,107	11,074	-	385,181
Deferred revenue	170,721	-	-	170,721
Accrued interest payable	6,494	-	-	6,494
Current portion of note payable	71,801	-	-	71,801
Total Current Liabilities	<u>1,264,480</u>	<u>150,209</u>	<u>(117,875)</u>	<u>1,296,814</u>
Note Payable, net	1,746,396	-	-	1,746,396
Total Liabilities	<u>3,010,876</u>	<u>150,209</u>	<u>(117,875)</u>	<u>3,043,210</u>
Net Assets				
Without donor restrictions				
Undesignated	17,534,482	1,104,716	-	18,639,198
Designated for special projects	724,018	-	-	724,018
Designated for endowment	2,020,199	-	-	2,020,199
Net assets without donor restrictions	<u>20,278,699</u>	<u>1,104,716</u>	<u>-</u>	<u>21,383,415</u>
With donor restrictions	2,000,685	-	-	2,000,685
Total Net Assets	<u>22,279,384</u>	<u>1,104,716</u>	<u>-</u>	<u>23,384,100</u>
Total Liabilities and Net Assets	<u>\$ 25,290,260</u>	<u>\$ 1,254,925</u>	<u>\$ (117,875)</u>	<u>\$ 26,427,310</u>

**United Food Bank and Waste Not
Consolidating Statement of Activities
Year Ended June 30, 2024**

	<u>United Food Bank</u>	<u>Waste Not</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues, Gains, and Other Support				
Donated food	\$ 42,686,967	\$ 5,103,565	\$ -	\$ 47,790,532
Donated services	3,460	-	-	3,460
Donated rent	14,400	11,256	-	25,656
Contributions	4,023,209	303,364	-	4,326,573
Contracts and grants	5,561,853	355,987	-	5,917,840
Shared maintenance revenue	70,588	-	-	70,588
Investment income	617,071	3,052	-	620,123
Rental income	64,569	-	-	64,569
Other revenues	216,675	-	(71,956)	144,719
Special events, net	60,543	117,881	-	178,424
Total Revenues, Gains, and Other Support	<u>53,319,335</u>	<u>5,895,105</u>	<u>(71,956)</u>	<u>59,142,484</u>
Expenses				
Program services	48,285,645	5,694,697	-	53,980,342
Management and general	1,303,819	157,048	(71,956)	1,388,911
Fundraising	1,625,651	162,504	-	1,788,155
Total Expenses	<u>51,215,115</u>	<u>6,014,249</u>	<u>(71,956)</u>	<u>57,157,408</u>
Change in Net Assets	2,104,220	(119,144)	-	1,985,076
Net Assets, Beginning of Year	<u>20,175,164</u>	<u>1,223,860</u>	<u>-</u>	<u>21,399,024</u>
Net Assets, End of Year	<u>\$ 22,279,384</u>	<u>\$ 1,104,716</u>	<u>\$ -</u>	<u>\$ 23,384,100</u>

**United Food Bank and Waste Not
Consolidated Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

Federal Grantor Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Grantor's Number	Total Federal Expenditures	Passed through to Subrecipients
U.S. Department of Agriculture				
Passed through from Arizona				
Department of Economic Security				
Food Distribution Cluster				
Emergency Food Assistance Program (Administrative Costs)	10.568	CTR052634	\$ 1,701,727	\$ -
Emergency Food Assistance Program (Food commodities)	10.569	CTR052634	10,805,803	10,805,803
Passed through from St. Mary's Food Bank Alliance				
Commodity Supplemental Food Program (Administrative Costs)	10.565	N/A	119,016	-
Commodity Supplement Food Program (Food commodities)	10.565	N/A	1,846,546	1,846,546
Emergency Food Assistance Program (Administrative Costs)	10.568	N/A	259,381	-
Emergency Food Assistance Program (Food commodities)	10.569	N/A	233,663	233,663
Total Food Distribution Cluster			<u>14,966,136</u>	<u>12,886,012</u>
U.S. Department of Homeland Security				
Direct Award				
Emergency Food and Shelter National Board Program	97.024	0276-00-044/ 0276-00-059/ 0256-00-011	155,342	-
Total Expenditures of Federal Awards			<u>\$ 15,121,478</u>	<u>\$ 12,886,012</u>

United Food Bank and Waste Not
Notes to the Consolidated Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of United Food Bank and Waste Not (the "Organization") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2. Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Contingencies

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

Note 4. Categorization of Expenditures

The categorization of expenditures by program included in the Schedule is based upon the grant documents. Changes in the categorization of expenditures occur based upon revisions to the Assistance Listing, which is issued in June and December of each year. The Schedule for the year ended June 30, 2024 reflects Assistance Listing changes issued through May 2024.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of the Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
United Food Bank and Waste Not
Mesa, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of United Food Bank and Waste Not (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Forvis Mazars, LLP

**Greenville, South Carolina
March 20, 2025**

Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
United Food Bank and Waste Not
Mesa, Arizona

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Programs

We have audited United Food and Waste Not's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2024. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Forvis Mazars, LLP

**Greenville, South Carolina
March 20, 2025**

**United Food Bank and Waste Not
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results

Consolidated Financial Statements

1. Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to the consolidated financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

5. Type of auditor’s report issued on compliance for major federal program(s):

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.565, 10.568, and 10.569	Food Distribution Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? Yes No

Section II – Consolidated Financial Statement Findings

There are no matters that are required to be reported for the year ended June 30, 2024.

Section III – Federal Award Findings and Questioned Costs

There are no matters that are required to be reported for the year ended June 30, 2024.

**United Food Bank and Waste Not
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024**

Reference Number	Summary of Finding	Status
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None noted.