

Audited Financial Statements
Single Audit Reports
Auditors' Representation Letter



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Michigan Office:
417 Forest Avenue
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Financial Statements

As of and for the years ended June 30, 2024 and 2023

Food Gatherers

Ann Arbor, Michigan



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Food Gatherers

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Independent Auditors' Report

To the Board of Directors
Food Gatherers
Ann Arbor, Michigan

Opinion

We have audited the accompanying financial statements of Food Gatherers (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Food Gatherers as of June 30, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of Food Gatherers and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of Food Gatherers' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Food Gatherers' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Gatherers' internal control over financial reporting and compliance.

Altruic Advisors, CPAs

Certified Public Accountants

Plymouth, Michigan
October 29, 2024

Food Gatherers

Statements of Financial Position

June 30	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,827,825	\$ 5,027,328
Investments	6,910,698	6,675,585
Food inventory, net of allowance for spoilage of \$49,682 in 2024 and \$82,309 in 2023	1,305,242	994,734
Pledges and grants receivable	247,366	8,659
Accounts receivable	32,715	58,126
Prepaid expenses	69,772	67,549
Total current assets	<u>13,393,618</u>	<u>12,831,981</u>
Property and Equipment		
Equipment and furniture	669,822	618,256
Vehicles	55,976	130,493
Building and improvements	5,238,057	5,238,057
Land	165,613	165,613
Less accumulated depreciation	(2,450,119)	(2,352,387)
Equipment not yet in service	7,546	-
Net property and equipment	<u>3,686,895</u>	<u>3,800,032</u>
Other Assets		
Beneficial interest in assets held by foundation	300,346	266,291
Right-of-use asset, net	266,816	337,415
Total other assets	<u>567,162</u>	<u>603,706</u>
Total assets	<u>\$ 17,647,675</u>	<u>\$ 17,235,719</u>

Food Gatherers

Statements of Financial Position (continued)

June 30	2024	2023
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 91,780	\$ 154,953
Accrued compensation and benefits	152,119	100,811
Current portion of operating lease obligations	73,639	70,599
Total current liabilities	<u>317,538</u>	<u>326,363</u>
Long Term Liabilities		
Operating lease obligations, net of current portion	<u>193,177</u>	<u>266,816</u>
Total liabilities	<u>510,715</u>	<u>593,179</u>
Net Assets		
Without donor restrictions		
Undesignated	8,646,095	8,339,450
Net property and equipment	3,686,895	3,800,032
Board-designated endowment	300,346	266,291
Board-designated for operations	4,148,500	4,175,690
Total without donor restrictions	<u>16,781,836</u>	<u>16,581,463</u>
With donor restrictions	<u>355,124</u>	<u>61,077</u>
Total net assets	<u>17,136,960</u>	<u>16,642,540</u>
Total liabilities and net assets	<u>\$ 17,647,675</u>	<u>\$ 17,235,719</u>

Food Gatherers

Statement of Activities

Year ended June 30, 2024

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

The accompanying Notes are an integral
part of these financial statements

Food Gatherers

Statement of Activities

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
In-kind contributions and grants	\$ 11,313,835	\$ -	\$ 11,313,835
Contributions	4,976,737	-	4,976,737
Grants	1,834,637	88,159	1,922,796
Special event, net of expenses of \$29,887	490,069	-	490,069
Net assets released from restrictions			
Satisfaction of purpose restrictions	87,882	(87,882)	-
Total operating support	<u>18,703,160</u>	<u>277</u>	<u>18,703,437</u>
Operating Revenue			
Food bank revenue	447,112	-	447,112
Other revenue	3,035	-	3,035
Total operating revenue	<u>450,147</u>	<u>-</u>	<u>450,147</u>
Total operating support and revenue	<u>19,153,307</u>	<u>277</u>	<u>19,153,584</u>
Operating Expenses			
Program services			
Food rescue and distribution	16,329,622	-	16,329,622
Community kitchen	741,696	-	741,696
Summer food service program	453,959	-	453,959
Total program services	<u>17,525,277</u>	<u>-</u>	<u>17,525,277</u>
Supporting services			
General and administrative	461,023	-	461,023
Fundraising	585,654	-	585,654
Total supporting services	<u>1,046,677</u>	<u>-</u>	<u>1,046,677</u>
Total operating expenses	<u>18,571,954</u>	<u>-</u>	<u>18,571,954</u>
Total operating support and revenue in excess of operating expenses	<u>581,353</u>	<u>277</u>	<u>581,630</u>
Other Changes			
Investment income	355,971	-	355,971
Change in value of beneficial interest in assets held by foundation	21,457	-	21,457
Total other changes	<u>377,428</u>	<u>-</u>	<u>377,428</u>
Change in Net Assets	958,781	277	959,058
Net Assets, Beginning of Year	<u>15,622,682</u>	<u>60,800</u>	<u>15,683,482</u>
Net Assets, End of Year	<u>\$ 16,581,463</u>	<u>\$ 61,077</u>	<u>\$ 16,642,540</u>

The accompanying Notes are an integral
part of these financial statements

Food Gatherers

Statement of Functional Expenses

Year ended June 30, 2024

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

The accompanying Notes are an integral part of these financial statements

Food Gatherers

Statement of Functional Expenses (continued)

Year ended June 30, 2024

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

The accompanying Notes are an integral part of these financial statements

Food Gatherers

Statement of Functional Expenses

Year ended June 30, 2023

	Program Services			Total
	Food Rescue and Distribution	Community Kitchen	Summer Food Service Program	
Donated food	\$ 11,190,907	\$ 230,740	\$ 115,370	\$ 11,537,017
Cost of food sales	2,645,653	155,365	227,683	3,028,701
Total cost of food distributed	<u>13,836,560</u>	<u>386,105</u>	<u>343,053</u>	<u>14,565,718</u>
Salary and wages	1,227,842	213,223	52,596	1,493,661
Fringe benefits	224,071	47,563	7,766	279,400
Payroll taxes	102,229	28,090	4,055	134,374
Total personnel costs	<u>1,554,142</u>	<u>288,876</u>	<u>64,417</u>	<u>1,907,435</u>
Occupancy	189,819	18,764	1,257	209,840
Equipment rental and maintenance	178,695	3,684	7,650	190,029
Depreciation	153,080	-	-	153,080
Supplies	94,447	36,755	11,531	142,733
Vehicle expenses	90,403	1,862	1,178	93,443
Grants to partner agencies	83,125	-	-	83,125
Bank and credit card charges	-	-	-	-
Advertising and marketing	52	3,281	149	3,482
Insurance	51,553	773	386	52,712
IT consulting and website	6,240	-	-	6,240
Dues and subscriptions	26,742	464	14	27,220
Accounting fees	885	-	-	885
Telephone	19,737	751	886	21,374
Specific assist - stipends	-	-	20,800	20,800
Training	15,297	227	51	15,575
Travel	14,077	153	1,432	15,662
Postage and shipping	1,499	1	19	1,519
Miscellaneous expense	2,824	-	813	3,637
Partner programs	10,445	-	323	10,768
Legal fees	-	-	-	-
Total expenses	<u>\$ 16,329,622</u>	<u>\$ 741,696</u>	<u>\$ 453,959</u>	<u>\$ 17,525,277</u>

The accompanying Notes are an integral part of these financial statements

Food Gatherers

Statement of Functional Expenses (continued)

Year ended June 30, 2023

	Supporting Services			Total Expenses
	General and Administrative	Fundraising	Total	
Donated food	\$ -	\$ -	\$ -	\$ 11,537,017
Cost of food sales	-	-	-	3,028,701
Total cost of food distributed	-	-	-	14,565,718
Salary and wages	297,212	341,101	638,313	2,131,974
Fringe benefits	25,621	51,868	77,489	356,889
Payroll taxes	10,741	22,953	33,694	168,068
Total personnel costs	333,574	415,922	749,496	2,656,931
Occupancy	15,204	16,353	31,557	241,397
Equipment rental and maintenance	-	-	-	190,029
Depreciation	27,014	-	27,014	180,094
Supplies	4,758	3,246	8,004	150,737
Vehicle expenses	-	-	-	93,443
Grants to partner agencies	-	-	-	83,125
Bank and credit card charges	4,753	65,532	70,285	70,285
Advertising and marketing	176	59,149	59,325	62,807
Insurance	9,277	-	9,277	61,989
IT consulting and website	21,840	5,872	27,712	33,952
Dues and subscriptions	1,727	3,203	4,930	32,150
Accounting fees	26,561	-	26,561	27,446
Telephone	1,664	1,169	2,833	24,207
Specific assist - stipends	-	-	-	20,800
Training	1,799	299	2,098	17,673
Travel	694	1,260	1,954	17,616
Postage and shipping	190	13,295	13,485	15,004
Miscellaneous expense	8,667	354	9,021	12,658
Partner programs	-	-	-	10,768
Legal fees	3,125	-	3,125	3,125
Total expenses	\$ 461,023	\$ 585,654	\$ 1,046,677	\$ 18,571,954

The accompanying Notes are an integral part of these financial statements

Food Gatherers

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ 494,420	\$ 959,058
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	182,999	180,094
Change in donated food inventory and provision for spoilage	(369,471)	223,182
Net realized and unrealized gain on investments	(621,433)	(191,863)
Change in value of beneficial interest in assets held by foundation	(34,055)	(21,457)
Increase (decrease) from changes in assets and liabilities		
Purchased food inventory	58,963	(91,750)
Pledges and grants receivable	(238,707)	7,256
Accounts receivable	25,411	(30,144)
Prepaid expenses	(2,223)	2,730
Accounts payable	(63,173)	52,269
Accrued compensation and benefits	51,308	22,608
Net cash provided (used) by operating activities	<u>(515,961)</u>	<u>1,111,983</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(69,862)	(56,312)
Net sales (purchases) of investments	386,320	(2,194,706)
Net cash provided (used) by investing activities	<u>316,458</u>	<u>(2,251,018)</u>
Net Decrease in Cash and Cash Equivalents	(199,503)	(1,139,035)
Cash and Cash Equivalents, Beginning of Year	5,027,328	6,166,363
Cash and Cash Equivalents, End of Year	\$ 4,827,825	\$ 5,027,328

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies

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

Description of Program Services:

Food Rescue and Distribution. Food Gatherers procures unsellable, but edible, food from the food industry, receives direct donations of food, administers certain government food programs, and purchases food from wholesalers. Food is stored and packaged and delivered to more than 100 other nonprofit agencies such as homeless shelters, food pantries, low income housing, and after school programs, who then distribute food to people in need throughout Washtenaw County.

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

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

Description of Supporting Services:

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

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

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

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

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

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

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

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

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

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

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

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

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

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

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

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

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

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

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

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

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

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

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

Pledges and Grants Receivable. Pledges and grants receivable are all expected to be paid within one year and are stated net of allowances for doubtful amounts. Management provides for probable doubtful pledges through a provision for bad debt expense and an adjustment to the allowance account based on its assessment of the current status of individual pledges and grants. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to the receivable account. Management has determined that pledges and grants receivable are fully collectible and has not recorded an allowance for doubtful pledges and grants as of June 30, 2024 and 2023.

Accounts Receivable, prior to implementation of ASU 2016-13 (see Note 2). Predominantly all accounts receivable at June 30, 2023 are related to food bank sales and are stated net of allowances for uncollectible accounts. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the customer. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. Management has determined that accounts receivable are fully collectible and has not recorded an allowance for doubtful accounts as of June 30, 2023.

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

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

Accounts Receivable, after implementation of ASU 2016-13 (see Note 2). Accounts receivable are presented net of an allowance for credit losses, which is an estimate of the amount that may not be collectible. In determining the amount of the allowance as of the balance sheet date, Food Gatherers separates accounts receivable into risk pools based on their aging and develops a loss rate for each pool. The loss rate is based on management's historical collection experience, adjusted for expectations about current and future economic conditions, and the creditworthiness of the payor. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. Management has determined that all amounts are collectible and, therefore, has not recorded an allowance for credit losses at June 30, 2024.

Property and Equipment. It is the Organization's policy to capitalize property and equipment at cost for purchases over \$5,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. In general, asset lives are ten to thirty-nine years for buildings and improvements, five years for vehicles, and three to five years for equipment and furniture. Depreciation expense for the years ended June 30, 2024 and 2023 was \$182,999 and \$180,094, respectively.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended June 30, 2024 and 2023.

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

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

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

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

Basis of Net Asset Presentation (continued).

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

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

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

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

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

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

	<u>2024</u>	<u>2023</u>
Food-only items	\$ 1.74	\$ 1.57
Mixed food and non-food items	\$ 1.97	\$ 1.93

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

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

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

Revenue Recognition.

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

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

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

	<u>2024</u>	<u>2023</u>
Accounts receivable, beginning of year	\$ 58,126	\$ 27,982
Accounts receivable, end of year	\$ 32,715	\$ 58,126

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

Advertising. The Organization expenses advertising costs as they are incurred. Costs, expensed as advertising and marketing in the statements of functional expenses, were \$60,211 and \$62,807 for the years ended June 30, 2024 and 2023, respectively.

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

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

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 29, 2024, the date at which the financial statements were available for release.

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 – New Accounting Pronouncement

During the year ended June 30, 2024, the Organization adopted the requirements of ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. This standard replaced the incurred losses for the remaining estimated useful life of certain financial instruments (e.g. trade receivables) carried at amortized cost. The new standard requires that entities holding assets subject to the CECL model record an allowance for credit losses that is deducted from the amortized cost basis of the assets and that the assets are presented at the net carrying value of the amount expected to be collected. CECL requires that the allowance is based on historical experience, current conditions, and reasonable and supportable forecasts by management at each reporting date. The Organization adopted ASC 326 effective July 1, 2023 using a modified retrospective approach and therefore, no adjustments were made to prior period financial statements. As a result of adopting this standard, there was no cumulative effect to the opening balance of net assets as of July 1, 2023.

Note 3 – Fair Value Measurements

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

	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 1,078,928	\$ 1,078,928	\$ -	\$ -
Stock funds	1,723,664	1,723,664	-	-
Taxable bonds and bond funds	4,108,106	-	4,108,106	-
Total assets in FV hierarchy	<u>\$ 6,910,698</u>	<u>\$ 2,802,592</u>	<u>\$ 4,108,106</u>	<u>\$ -</u>
Investments measured at NAV:				
Beneficial interest in assets held by Foundation (see Note 1)	<u>300,346</u>			
Total assets valued at fair value	<u>\$ 7,211,044</u>			

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of June 30, 2023:

	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 881,179	\$ 881,179	\$ -	\$ -
Stock funds	1,643,620	1,643,620	-	-
Taxable bonds and bond funds	4,150,786	-	4,150,786	-
Total assets in FV hierarchy	<u>\$ 6,675,585</u>	<u>\$ 2,524,799</u>	<u>\$ 4,150,786</u>	<u>\$ -</u>
Investments measured at NAV:				
Beneficial interest in assets held by Foundation (see Note 1)	<u>266,291</u>			
Total assets valued at fair value	<u>\$ 6,941,876</u>			

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 3 – Fair Value Measurements (continued)

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

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2024 and 2023, there were no significant transfers in or out of fair value levels.

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

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
<u>2024</u>					
\$	300,346	N/A	Immediate	Redemptions will only be made upon written request of the Organization	None
<u>2023</u>					
\$	266,291	N/A	Immediate		None

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

	<u>2024</u>	<u>2023</u>
Interest, dividends, and net gains	\$ 735,759	\$ 355,971
Change in value of beneficial interest in assets held by Foundation	34,055	21,457
	<u>\$ 769,814</u>	<u>\$ 377,428</u>

Note 4 – Right-of-use Assets

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

	<u>2024</u>	<u>2023</u>
Right-of-use assets under operating leases (equipment)	\$ 471,984	\$ 477,505
Less accumulated amortization	(205,168)	(140,090)
Net right-of-use assets	<u>\$ 266,816</u>	<u>\$ 337,415</u>

Annual amortization for the years ended June 30, 2024 and 2023 was \$65,078 and \$68,246, respectively.

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 5 – Board-Designated Net Assets - Operations

As of June 30, 2024 and 2023, the Organization's board of directors designated net assets for operations of \$4,148,500 and \$4,175,690, respectively. These designations are based on the next six months of budgeted operational expenses as of the respective year-end.

Note 6 – Board-Designated Net Assets - Endowment

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

The following summarizes the changes in endowment net assets for the years ended June 30, 2024 and 2023:

	<u>Without Donor Restrictions</u>
Endowment net assets, July 1, 2022	\$ 244,834
Interest and dividends	2,191
Net realized and unrealized losses	21,178
Investment and administrative fees	<u>(1,912)</u>
	<u>21,457</u>
Endowment net assets, June 30, 2023	<u>\$ 266,291</u>
Interest and dividends	\$ 4,862
Net realized and unrealized gains	34,322
Investment and administrative fees	<u>(5,129)</u>
	<u>34,055</u>
Endowment net assets, June 30, 2024	<u><u>\$ 300,346</u></u>

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 7 – Net Assets with Donor Restrictions

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

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

A summary of net assets with donor restrictions at June 30, 2023 is as follows:

	July 1, 2022	Additions	Releases	June 30, 2023
Time restrictions	\$ -	\$ 8,659	\$ -	\$ 8,659
Purpose restrictions				
Summer food program	60,800	60,000	87,882	32,918
Neighborhood grocery initiative	-	10,000	-	10,000
Elevating voices	-	6,000	-	6,000
Employee engagement survey	-	3,500	-	3,500
	<u>\$ 60,800</u>	<u>\$ 88,159</u>	<u>\$ 87,882</u>	<u>\$ 61,077</u>

Note 8 – Leases and Commitments

Operating lease obligations consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Operating lease agreement for a vehicle; monthly payment of \$1,097; 84-month lease term expiring March 2027	\$ 33,750	\$ 44,919
Operating lease agreement for a vehicle; monthly payment of \$980; 78-month lease term expiring March 2026	19,666	30,157
Operating lease agreement for a vehicle; monthly payment of \$893; 78-month lease term expiring February 2027	<u>26,701</u>	<u>35,833</u>
<i>Total carried to next page</i>	\$ 80,117	\$ 110,909

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 8 – Leases and Commitments (continued)

	<u>2024</u>	<u>2023</u>
<i>Total from previous page</i>	\$ 80,117	\$ 110,909
Operating lease agreement for a vehicle; monthly payment of \$835; 84-month lease term expiring June 2028	35,574	43,597
Operating lease agreement for office equipment; monthly payment of \$388; 60-month lease term expiring March 2028	12,275	16,494
Operating lease agreement for a vehicle; monthly payment of \$960; 78-month lease term expiring December 2027	36,922	46,339
Operating lease agreement for a vehicle; monthly payment of \$878; 78-month lease term expiring August 2029	51,009	60,452
Operating lease agreement for a vehicle; monthly payment of \$857; 78-month lease term expiring November 2029	<u>50,919</u>	<u>59,624</u>
Total	266,816	337,415
Less current portion	<u>(73,639)</u>	<u>(70,599)</u>
Operating lease obligations, net of current portion, net of unamortized present value discount	<u>\$ 193,177</u>	<u>\$ 266,816</u>
Weighted average discount rate at June 30	4%	4%
Weighted average remaining lease term at June 30	3.47 years	3.7 years

Future annual undiscounted lease payments under operating leases are as follows at June 30, 2024:

<u>Year ended June 30</u>	Lease obligations	Present value discount	Total
2025	\$ 82,650	\$ (9,011)	\$ 73,639
2026	79,709	(5,842)	73,867
2027	62,865	(2,967)	59,898
2028	35,777	(1,144)	34,633
2029	20,828	(344)	20,484
Thereafter	4,308	(13)	4,295
	<u>\$ 286,137</u>	<u>\$ (19,321)</u>	<u>\$ 266,816</u>

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 9 – Letter of Credit

The Organization has an irrevocable standby letter of credit to secure payment of insurance claims on its self-insured state unemployment plan. The letter of credit was calculated at \$85,115 and \$78,454 with no outstanding claims at June 30, 2024 and 2023, respectively. The letter of credit is unsecured.

Note 10 – In-Kind Contributions

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

	<u>2024</u>	<u>2023</u>	<u>Usage</u>
Donated food	<u>\$ 15,256,542</u>	<u>\$ 11,313,835</u>	Programming

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

Note 11 – Special Event

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

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

The Organization derived net support from the following special fundraising event during the year ended June 30, 2023:

	<u>Rockin'</u>
Sales and contributions	<u>\$ 519,956</u>
Direct costs	<u>(29,887)</u>
Net support	<u>\$ 490,069</u>

Note 12 – Retirement Plan

The Organization maintains a 401(k) plan covering all employees who have completed at least 90 days of service. The Organization makes a safe harbor matching contribution of 200% of an employee's deferrals that do not exceed 3% of compensation. These matching contributions are 100% vested. Amounts contributed by the Organization were \$149,319 and \$147,175 for the years ended June 30, 2024 and 2023, respectively.

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 13 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of six months budgeted operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

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

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,827,825	\$ 5,027,328
Investments	6,910,698	6,675,585
Pledges and grants receivable	247,366	8,659
Accounts receivable	32,715	58,126
	<u>12,018,604</u>	<u>11,769,698</u>
Less amounts not available to be used within one year:		
Assets designated by the board for operational reserve	<u>(4,148,500)</u>	<u>(4,175,690)</u>
	<u>(4,148,500)</u>	<u>(4,175,690)</u>
Financial assets available for general expenditures within one year	<u>\$ 7,870,104</u>	<u>\$ 7,594,008</u>

All of the Organization's net asset restrictions are generally released within the next fiscal year. The Organization anticipates that all net asset restrictions as of June 30, 2024 will be fully released during the next fiscal year.

Note 14 – Beneficial Interest in Assets Held at Community Foundation

The Ann Arbor Area Community Foundation ("the Foundation") acts under an arrangement as a depository for gifts, conveyances, and other transfers intended to assist Food Gatherers in achieving its goals and purposes. At June 30, 2024 and 2023, the Foundation held donations for the benefit of Food Gatherers of \$36,871 and \$32,445, respectively. As the Foundation holds variance power over these assets and, therefore, has the authority to redirect these funds, these amounts are not recorded as assets of the Organization.

Food Gatherers

Notes to Financial Statements

June 30, 2024 and 2023

Note 15 – State Unemployment Self-Insurance Plan

The Organization participates in a state unemployment self insurance plan. The claim exposure varies based on the number of state approved claims. Under the plan, the Organization accrues the estimated expense of state unemployment costs based on approved claims received from its insurance company. There were no accruals as of June 30, 2024 and 2023. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

Note 16 – Concentrations

Major Grantors. The Organization had one major grantor of noncash food product, which comprised approximately 14% and 10% of total support and revenue for the years ended June 30, 2024 and 2023, respectively.

Bank Deposits. At certain times during the years ended June 30, 2024 and 2023, the Organization maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.

Geographical. The Organization receives a substantial amount of its support and revenue from within the Washtenaw County area. The effects of this concentration of credit risk on the Organization's financial statements have not been determined for the years ended June 30, 2024 and 2023.