FREDERICKSBURG REGIONAL FOOD BANK

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

FREDERICKSBURG
REGIONAL FOOD BANK

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City of Fredericksburg

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AMERICA

FREDERICKSBURG REGIONAL FOOD BANK

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

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ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

CPAs | CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fredericksburg Regional Food Bank
Fredericksburg, Virginia

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fredericksburg Regional Food Bank as of June 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fredericksburg Regional Food Bank 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.

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 Fredericksburg Regional Food Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fredericksburg Regional Food Bank's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fredericksburg Regional Food Bank'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.

Report on Summarized Comparative Information

We have previously audited Fredericksburg Regional Food Bank's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, on our consideration of Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 3, 2025

- Financial Statements -

FREDERICKSBURG REGIONAL FOOD BANK

Statement of Financial Position
As of June 30, 2025
(With Comparative Totals As of June 30, 2024)

Assets	**2025**	**2024**
Current assets:		
Cash and cash equivalents	$ 1,397,277	$ 1,027,735
Contributions receivables, net of allowance	68,584	68,060
Accounts receivable	484,044	405,273
Inventory	1,661,352	1,758,872
Current portion of beneficial interest in lead trust	-	11,827
Other assets	65,223	105,952
Total current assets	$ 3,676,480	$ 3,377,719
Noncurrent assets:		
Investments	$ 2,169,317	$ 1,989,721
Right-of-use assets - operating lease	666,981	855,243
Property and equipment, net of accumulated depreciation	3,325,156	3,828,460
Total noncurrent assets	$ 6,161,454	$ 6,673,424
Total assets	$ 9,837,934	$ 10,051,143
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$ 330,820	$ 329,619
Accrued expenses	111,710	102,514
Compensated absences	136,628	116,490
Current operating lease liabilities	194,303	189,051
Other liabilities	5,583	-
Total current liabilities	$ 779,044	$ 737,674
Long-term liabilities:		
Noncurrent operating lease liabilities	$ 484,010	$ 676,613
Total long-term liabilities	$ 484,010	$ 676,613
Total liabilities	$ 1,263,054	$ 1,414,287
Net assets:		
Without donor restrictions	$ 8,174,433	$ 8,188,111
With donor restrictions	400,447	448,745
Total net assets	$ 8,574,880	$ 8,636,856
Total liabilities and net assets	$ 9,837,934	$ 10,051,143

The accompanying notes to financial statements are an integral part of this statement.

FREDERICKSBURG REGIONAL FOOD BANK

Statement of Activities
Year Ended June 30, 2025
(With Comparative Totals for Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains, and other support:				
Support:				
Donated materials	$ 15,721,439	$ -	$ 15,721,439	$ 16,411,147
Federal grants	1,773,606	-	1,773,606	1,985,708
Contributions	2,676,316	397,787	3,074,103	3,152,109
Change in value of split interest agreement	-	-	-	(47,347)
Total support	$ 20,171,361	$ 397,787	$ 20,569,148	$ 21,501,617
Revenue and gains:				
Program service fees	$ 133,975	$ -	$ 133,975	$ 122,392
Interest and dividends	65,400	-	65,400	77,782
Other fees	-	-	-	-
Fundraisers	27,105	-	27,105	41,003
Gain(Loss) on investment	176,316	-	176,316	156,920
Net assets released from donor restrictions	446,085	(446,085)	-	-
Total revenue and gains	$ 848,881	$ (446,085)	$ 402,796	$ 398,097
Total revenues, gains and other support	$ 21,020,242	$ (48,298)	$ 20,971,944	$ 21,899,714
Expenses:				
Program services:				
Food distribution	$ 19,605,279	$ -	$ 19,605,279	$ 20,046,599
Supporting services:				
Management and general	509,992	-	509,992	473,267
Fundraising	918,649	-	918,649	894,670
Total expenses	$ 21,033,920	$ -	$ 21,033,920	$ 21,414,536
Increase (decrease) in net assets	$ (13,678)	$ (48,298)	$ (61,976)	$ 485,178
Net assets, beginning of year	8,188,111	448,745	8,636,856	8,151,678
Net assets, end of year	$ 8,174,433	$ 400,447	$ 8,574,880	$ 8,636,856

The accompanying notes to financial statements are an integral part of this statement.

FREDERICKSBURG REGIONAL FOOD BANK

Statement of Functional Expenses
Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Program Services				Supporting Services			
	Food Distribution			Total Program	Management		2024	2023
	Children	Families	Seniors	Services	and General	Fundraising	Total	Total
Salaries and wages	$ 177,782	$ 1,190,126	$ 104,323	$ 1,472,231	$ 285,842	$ 294,377	$ 2,052,450	$ 2,027,429
Employee benefits	27,957	139,998	25,002	192,957	40,313	35,200	268,470	351,330
Payroll taxes	13,292	88,404	7,836	109,532	21,374	21,960	152,866	150,770
Food costs	31,111	1,402,690	74,284	1,508,085	-	-	1,508,085	1,281,455
Donated materials	600,402	14,259,527	150,100	15,010,029	-	-	15,010,029	15,463,263
Fundraising fees	-	-	-	-	-	237,679	237,679	274,691
Accounting fees	1,067	17,182	1,176	19,425	4,104	3,830	27,359	25,824
Operational fees	1,556	26,025	1,737	29,318	1,759	1,642	32,719	38,984
Other professional fees	-	-	-	-	-	-	-	77,799
Supplies	21,420	77,176	12,270	110,866	3,410	5,402	119,678	114,367
Telephone and telecommunication	591	9,939	650	11,180	1,779	2,042	15,001	17,643
Postage and shipping	479	2,428	-	2,907	720	43,506	47,133	57,078
Printing and copying	3,788	10,054	4,146	17,988	2,240	5,858	26,086	22,091
Web based Subscriptions	3,204	69,172	11,011	83,387	18,709	34,744	136,840	109,110
Utilities	4,571	73,574	5,011	83,156	8,027	7,491	98,674	90,552
Other building rentals and maintenance	1,888	34,622	2,067	38,577	2,468	2,308	43,353	22,287
Equipment rental and maintenance	2,774	43,684	3,027	49,485	244	-	49,729	45,483
Vehicle expense	5,257	90,586	5,735	101,578	1,750	-	103,328	140,665
Depreciation	15,215	351,467	22,453	389,135	89,285	62,045	540,465	511,696
Travel, conventions and meetings	3,935	11,186	470	15,591	5,678	4,977	26,246	27,366
Insurance	2,754	44,342	3,036	50,132	10,591	9,885	70,608	69,263
Membership dues	541	8,594	531	9,666	1,890	2,339	13,895	11,081
Staff development	338	6,154	371	6,863	2,266	2,781	11,910	7,662
Outside computer services	832	13,398	917	15,147	3,200	2,987	21,334	21,795
Advertising expense	9,107	3,848	261	13,216	187	111,785	125,188	110,024
Bank fees and charges	-	3,380	-	3,380	1,472	24,188	29,040	20,843
Organizational expense	690	17,723	5,602	24,015	2,398	876	27,289	27,629
Miscellaneous expense	-	27,212	-	27,212	-	-	27,212	85,102
Operating lease expense	52,565	105,347	52,309	210,221	286	747	211,254	211,254
Total	$ 983,116	$ 18,127,838	$ 494,325	$ 19,605,279	$ 509,992	$ 918,649	$ 21,033,920	$ 21,414,536

FREDERICKSBURG REGIONAL FOOD BANK

Statement of Cash Flows
Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ (61,976)	$ 485,178
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	540,465	511,696
Operating lease amortization	188,262	182,702
(Gain) Loss on investment	(176,316)	(156,920)
Donated commodities received	(15,721,439)	(16,411,147)
Donated commodities distributed	15,721,439	16,522,052
Beneficial interest in lead trust	11,827	94,694
Change in contributions receivable	(524)	17,972
Change in accounts receivable	(78,771)	(102,273)
Change in inventory	97,520	(969,922)
Change in other assets	40,729	536
Change in accounts payable	1,201	291,788
Change in accrued expenses	9,196	8,320
Change in compensated absences	20,138	13,071
Change in operating lease liabilities	(187,351)	(180,062)
Change in other liabilities	5,583	(891)
Net cash provided by (used for) operating activities	$ 409,983	$ 306,794
Cash flows from investing activities:		
Purchase of property and equipment	$ (37,161)	$ (788,606)
Redemption (purchase) of investments	(3,280)	927,069
Net cash provided by (used for) investing activities	$ (40,441)	$ 138,463
Net increase (decrease) in cash and cash equivalents	$ 369,542	$ 445,257
Cash and cash equivalents at beginning of year	1,027,735	582,478
Cash and cash equivalents at end of year	$ 1,397,277	$ 1,027,735

The accompanying notes to financial statements are an integral part of this statement.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

The Fredericksburg Regional Food Bank (the Food Bank) solicits, collects, and stores surplus food, which it distributes to various nonprofit organizations in Planning District 16, which in turn provide meals or emergency food to people in need without charge. The Food Bank is supported primarily through donor contributions, grants, United Way, and donated food through affiliation with Feeding America. Agencies affiliated with the Food Bank receive donated and purchased food products and pay a membership fee based on the volume of food received.

The Food Bank also administers various need-based aid programs through agreements with the Virginia Department of Agriculture and Consumer Services, including the Commodity Supplemental Food Program (CSFP) which works to improve the health of income qualified seniors by supplementing their diets with nutritious USDA foods, the Summer Food Service Program which helps to ensure that children continue to receive nutritious meals when school is not in season, and The Emergency Food Assistance Program (TEFAP) which helps supplement the diets of income qualified families by providing emergency food and nutrition at no cost.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Food Bank is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Food Bank and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to any donor-imposed restrictions. At June 30, 2025, the Food Bank had $8,174,433 in net assets without donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation for the use of a contributed asset that is more specific than the broad limits resulting from the Food Bank's nature, environment, and purpose. At June 30, 2025, the Food Bank had $400,447 in net assets with donor restrictions.

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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents

The Food Bank considers all highly liquid investments that can be readily converted to cash or with a maturity of ninety days or less when purchased, to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as investments.

Investments

Investments are reported at fair value in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets and are reported separately in the statement of activities.

Inventory

Inventory consists of purchased, donated and government goods. Purchased goods are valued at cost on a first in, first out basis. Donated goods are valued using Feeding America's Independent Accountants' Report of the estimated weighted average wholesale value of such goods. Management believes this benchmark reflects the most accurate basis for estimating the value of the Food Bank's donated food goods, and it is a widely accepted standard used by other food banks throughout the United States. Government goods are acquired through the United States Department of Agriculture ("USDA") and have assigned value provided by the USDA.

Property and Equipment

The Food Bank capitalizes all expenditures for the property and equipment in excess of $5,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Depreciation

Depreciation of property and equipment is determined using the straight-line and accelerated methods over the estimated useful lives of the related assets. Estimated useful lives range from 15 to 50 years for buildings and leasehold improvements, 5 to 15 years for equipment, and 5 years for vehicles.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allocation of Functional Expenses

Expenses directly attributed to a specific functional area of the organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates of time and effort. The remaining expenses are allocated to management and general expenses for overall support and direction. Accordingly, costs have been allocated among the programs and supporting services benefited and are summarized on a functional basis in the statement of functional expenses.

Contributions

The Food Bank recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

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

The Food Bank uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Income Taxes

The Food Bank is a nonprofit organization, which is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, the Food Bank is subject to unrelated business income tax for activities conducted outside of its tax exempt purpose. The Food Bank did not conduct any unrelated business activities during the year ended June 30, 2025.

Accounting for Uncertain Tax Positions

The Food Bank follows FASB ASC 740 in measurement and disclosure of uncertain tax positions. The Food Bank believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Donated Supplies and Services

Donated supplies and materials are valued at their estimated fair value at the date of receipt.

Many individuals volunteer their time to perform a variety of tasks that assist the Food Bank's program services. Volunteer services neither create nor enhance financial assets nor do they require special skills. The services are not recognized as support in the accompanying statement of activities as they do not meet the criteria for recognition.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Supplies and Services: (Continued)

The Food Bank receives a substantial amount of donated food and supplies, much of which is sorted salvage. The value reflected in the financial statements is based on Feeding America's wholesale price per pound of donated items.

Advertising

The Food Bank expenses advertising costs as incurred. During 2025 and 2024, advertising costs totaled $125,188 and $110,024, respectively.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Food Bank's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Leases:

The Food Bank recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. *The* Food Bank is a lessee in an operating lease for building space and equipment. The Food Bank determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Food Bank recognizes a lease liability and a right to use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Food Bank uses its incremental borrowing rate. The Food Bank's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e. present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) and prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

NOTE 2—INVESTMENTS:

Long-Term investment consist of the following:

	2025	2024
Corporate debt	$ 876,443	$ 571,843
EFTs	133,513	-
Mutual funds	106,914	-
Stocks	1,052,447	1,417,878
Total	$ 2,169,317	$ 1,989,721

NOTE 3—CONTRIBUTIONS RECEIVABLE:

Contributions receivable consist of the following:

	2025	2024
United Way contributions	$ 94,284	$ 93,337
Less allowance for uncollectible contributions	(25,700)	(25,277)
Total	$ 68,584	$ 68,060

NOTE 4—ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following:

	2025	2024
Due from member agencies	$ -	$ 910
Federation of Virginia Food Banks	25,063	35,044
Commonwealth of Virginia	455,217	351,074
Other	3,764	18,245
Total	$ 484,044	$ 405,273

NOTE 5—INVENTORY:

During the fiscal year-ends June 30, 2025 and 2024, Inventory consists of donated goods, purchased goods and USDA commodities. Inventory is valued as stated below:

	June 30, 2025		June 30, 2024	
Inventory Type	Value Method	Value	Value Method	Value
Purchased	Cost (FIFO)	268,010	Cost (FIFO)	290,388
Donated	$1.90/per pound	321,525	$1.97/per pound	341,714
Government Goods	Per USDA	1,071,817	Per USDA	1,126,770
Total Value		1,661,352		1,758,872

The cost of $1.90 per pound is based on a value set by Feeding America for use by member Food Banks.

NOTE 6—CHARITABLE LEAD ANNUITY TRUST:

During the 2005 fiscal year, a donor established a trust with a local bank naming the Food Bank as the beneficiary of a charitable lead annuity trust. The trust will paid quarterly payments of $12,474 for 20 years. The present value of future benefits expected to be received by the Food Bank are estimated as follows:

	2025	2024
Current portion, due within one year	$ -	$ 11,827
Long-term portion	-	-
Total	$ -	$ 11,827

NOTE 7—PENSION PLAN:

The Food Bank offers a SIMPLE Plan (the Plan) to all eligible employees. The Food Bank matches participants' contributions to the Plan up to 3% of the individual participant's compensation. Retirement plan expense, which is included in employee benefits, amounted to $41,606 and $43,985 for the years ended June 30, 2025 and 2024, respectively.

NOTE 8—PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	2025	2024
Non-depreciable assets:		
Land	$ 234,168	$ 234,168
Total non-depreciable assets	$ 234,168	$ 234,168
Depreciable assets:		
Building	$ 1,502,405	$ 1,502,405
Building improvements	1,422,646	1,422,646
Vehicles	1,273,129	1,273,129
Equipment	970,990	944,200
Office furniture, furnishings, and equipment	127,195	116,824
Leasehold improvements	555,252	555,252
Total depreciable assets	$ 5,851,617	$ 5,814,456
Total assets	$ 6,085,785	$ 6,048,624
Accumulated depreciation	(2,760,629)	(2,220,164)
Net property and equipment	$ 3,325,156	$ 3,828,460

Depreciation expense for the year ended June 30, 2025 and 2024 totaled $540,465 and $511,696, respectively.

NOTE 9—FAIR VALUE MEASUREMENTS:

The Food Bank follows FASB ASC 820 to disclose fair value measurements of assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flows methodologies and similar techniques that use significant unobservable inputs.

NOTE 9—FAIR VALUE MEASUREMENTS: (Continued)

In determining the appropriate levels, the Food Bank performs a detailed analysis of the assets and liabilities that are subject to FASB ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by the Food Bank at June 30, 2025. The inputs and techniques used in measuring fair value were not changed in 2025.

The following table presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy. There are no liabilities that are being measured and reported on a fair value basis.

		Fair Value Measurements at Reporting Date Using		
	06/30/2025	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Corporate debt	$ 876,443	$ 876,443	$ -	$ -
EFTs	133,513	133,513	-	-
Mutual funds	106,914	106,914	-	-
Stocks	1,052,447	1,052,447	-	-
Total	$ 2,169,317	$ 2,169,317	$ -	$ -

NOTE 10—COMPENSATED ABSENCES:

Employees of the Food Bank are entitled to paid vacation based upon the Food Bank's policy including years of service. The amount which has been recorded as a liability at June 30, 2025 and 2024 totals $136,628 and $116,490, respectively.

NOTE 11- OPERATING LEASES:

As of June 30, 2025, the Food Bank had noncancelable operating leases for building space and equipment, which expire through 2029. The Food Bank includes in the determination of right-to-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Lease expense for these leases totaled $211,254 the year ended June 30, 2025. Operating cash flows from operating leases was $210,344 for the year ended June 30, 2025.

NOTE 11– OPERATING LEASES: (Continued)

Amounts reported in the financial statements as of June 30, 2025 were as follows:

Operating leases:		
Operating leases right-of-use assets	$	666,981
Operating lease liabilities	$	678,313

Future minimum lease payments under these leases are as follows:

2026	$	210,344
2027		213,909
2028		215,930
2029		72,016
Total lease payments	$	712,199
Less imputed interest	$	(33,886)
Total lease liability	$	678,313

The weighted average remaining lease term for operating leases is 3.33 years as of June 30, 2025. The weighted average discount rate for operating leases is 5.00% as of June 30, 2025.

NOTE 12—NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED:

Feeding America requires that the Food Bank reserve at least three months of operating expenses in net assets without donor restrictions. Also, the Board has set aside funds for capital reserves and for the purchase of land or a facility. The board designated funds for purchase of land or a facility include the investments maintained by the Food Bank.

The Food Bank's Board of Directors have chosen to place the following limitations on net assets without donor restrictions:

		2025		2024
Operating reserves	$	1,359,894	$	1,361,638
Capital reserves		100,000		100,000
Land or facility		2,169,317		-
Total	$	3,629,211	$	1,461,638

NOTE 13—NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of the following:

	2025	2024
Beneficial interest in lead trust - Arvel Shannon Trust	$ -	$ 11,827
Grants	400,447	436,918
Total	$ 400,447	$ 448,745

During fiscal year 2025, net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors in the amount of $446,085.

NOTE 14—LIQUIDITY AND AVAILABILITY:

The Food Bank monitors liquidity required to meet its annual operating needs and other contractual obligations, while also striving to preserve the principal and return on investment of its funds. The following Food Bank's financial assets could readily be made available within one year for general expenditures at June 30, 2025 and June 30, 2024, were as follows:

	2025	2024
Cash and cash equivalents	$ 1,397,277	$ 1,027,735
Accounts receivable	484,044	405,273
Contributions receivable	68,584	68,060
Investments	2,169,317	1,989,721
Current portion of beneficial interest in trust	-	11,827
Total	$ 4,119,222	$ 3,502,616
Less:		
Board designated funds (note 12)	(3,629,211)	(1,461,638)
Donor restricted assets with purpose restriction (note 13)	(400,447)	(448,745)
Total assets available within one year	$ 89,564	$ 1,592,233

As a member of Feeding America, the Food Bank is required to maintain a three-month operating reserve. The Board designated operating funds (note 12) were $1,359,894 and $1,361,638 at June 30, 2025 and 2024, respectively.

NOTE 15 —DONATED MATERIALS

The Food Bank's receipt of donated and government food is recorded as donated materials revenue in the accompanying statement of activities. In-kind food contributions and distributions are valued at fair value based as described in the inventory section of Note 5. Distributions of in-kind food are included in donated materials in the accompanying statement of functional expenses.

A summary of the value of in-kind food contributions and distributions for the year ended June 30, 2025, is as follows:

	2025		2024	
	Received	Distributed	Received	Distributed
Government	$ 3,757,421	$ 3,739,741	$ 3,690,558	$ 3,205,239
Donated	11,964,018	11,270,288	12,720,589	12,258,024
	$ 15,721,439	$ 15,010,029	$ 16,411,147	$ 15,463,263

NOTE 16—DATE OF MANAGEMENT'S REVIEW:

In preparing these financial statements, management of the Food Bank has evaluated events and transactions for potential recognition or disclosure through December 3, 2025, the date the financial statements were available to be issued.

COMPLIANCE

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Fredericksburg Regional Food Bank
Fredericksburg, Virginia

We have audited, in accordance with the 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 financial statements of Fredericksburg Regional Food Bank (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fredericksburg Regional Food Bank'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fredericksburg Regional Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of Fredericksburg Regional Food Bank'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's 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 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 Fredericksburg Regional Food Bank's financial statements are free from 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 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 results 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.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 3, 2025

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Fredericksburg Regional Food Bank
Fredericksburg, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fredericksburg Regional Food Bank's 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 each of Fredericksburg Regional Food Bank's major federal programs for the year ended June 30, 2025. Fredericksburg Regional Food Bank's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fredericksburg Regional Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fredericksburg Regional Food Bank 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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank's federal programs.

Auditors' 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 Fredericksburg Regional Food Bank'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 generally accepted auditing standards, *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 Fredericksburg Regional Food Bank's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank'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 a 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 Auditors' 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.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 3, 2025

Fredericksburg Regional Food Bank

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Pass-through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution Cluster			
Emergency Food Assistance Program - Food Commodities	10.569	67-200	$ 3,409,023
Emergency Food Assistance Program - Administrative Costs	10.568	67-200	445,874
Commodity Supplemental Food Program	10.565	67-200	555,475
Total Food Distribution Cluster			$ 4,410,372
Virginia Department of Social Services:			
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	APE60302/APE60303	$ 915,899
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Available	55,753
Virginia Community Food Connections:			
Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182	Not Available	4,775
Total Department of Agriculture			$ 5,386,799
Department of Health and Human Services			
Pass-through Payments:			
Virginia Department of Social Services:			
Temporary Assistance to Needy Families	93.558	Not Available	$ 85,665
Total Department of Health and Human Services			$ 85,665
Department of Homeland Security			
Pass-through Payments:			
United Way Worldwide:			
Emergency Food and Shelter National Board Program	97.024	8754/8752/8616/8802	$ 34,542
Total Emergency Food and Shelter National Board Program			$ 34,542
Total Department of Homeland Security			$ 34,542
Department of the Treasury			
Pass-through Payments:			
Federation of Virginia Food Banks:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	122633	$ 59,760
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			$ 59,760
Total Department of the Treasury			$ 59,760
Department of Housing and Urban Development:			
Pass-through Payments:			
Virginia Department of Housing and Community Development:			
COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-20-54	$ 6,848
Total Department of Housing and Urban Development			$ 6,848
Total expenditures of federal awards			$ 5,573,614

See accompanying notes to the schedule of expenditures of federal awards.

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Fredericksburg Regional Food Bank under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Fredericksburg Regional Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fredericksburg Regional Food Bank.

Note 2 - Summary of Significant Accounting Policies:

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

(2) Pass-through entity identifying numbers are presented where available.

(3) The Food Bank did not elect to use the 15% de minimis indirect cost rate.

(4) The Food Bank did not pass any federal awards through to sub-recipients during the year ended June 30, 2025.

Note 3 - Food Distribution:

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed. At June 30, 2025, the Food Bank had food commodities totaling $1,071,817 in inventory related to the federal programs based on the USDA values.

Note 4 - Relationship to the Financial Statements:

Federal revenues are reported in the audited statements as follows:

Federal grants per the financial statements	$	1,773,606
Contributions federal donated materials - food		3,800,008
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	$	5,573,614

Fredericksburg Regional Food Bank

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	No

Identification of major programs:

Federal Assistance Listing #	Name of Federal Program or Cluster
10.565/10.568/10.569	Food Distribution Cluster
10.559	Summer Food Service Program for Children (Child Nutrition Cluster)

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Summary Schedule of Prior Audit Findings

There are no prior audit findings to report.