Food in Need of Distribution, Inc. and Affiliate

dba FIND Food Bank and Affiliate

Combined Financial Statements
and Single Audit Reports and Schedules

June 30, 2025
(With Comparative Totals for 2024)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate

Opinion

We have audited the accompanying combined financial statements of Food in Need of Distribution, Inc. (a California nonprofit corporation) and Affiliate dba FIND Food Bank and Affiliate ("FIND"), which comprise the combined statement of financial position as of June 30, 2025, and the related combined statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Food in Need of Distribution, Inc. and Affiliate dba FIND Food Bank and Affiliate as of June 30, 2025, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food in Need of Distribution, Inc. 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 these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 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, 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 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 combined 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 combined 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 in Need of Distribution, Inc.'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food in Need of Distribution, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined 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 February 27, 2026, on our consideration of FIND'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 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 FIND'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 FIND's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Food in Need of Distribution, Inc. dba FIND Food Bank and Affiliate's 2024 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 26, 2025. 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 combined financial statements from which it has been derived.

Armanino LLP

St. Louis, Missouri

February 27, 2026

Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate
Combined Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,377,314	$ 12,178,171
Restricted cash	870,304	-
Investments	1,259,618	-
Agency receivables	371,106	84,859
Grants and contributions receivable	2,712,190	393,693
Inventory	3,303,331	1,974,788
Prepaid and other current assets	320,723	50,136
Total current assets	19,214,586	14,681,647
Non-current assets		
Property and equipment, net	18,162,248	8,976,339
NMTC leverage loan receivable (see note 8)	8,113,250	-
Deposits	1,500	1,500
Total non-current assets	26,276,998	8,977,839
Total assets	$ 45,491,584	$ 23,659,486

The accompanying notes are an integral part of these combined financial statements.

Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate
Combined Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 489,692	$ 956,383
Other accrued expenses	592,388	193,020
Line of credit	3,500,000	-
Construction retainage payable	-	150,966
Finance lease liabilities, current portion	-	5,436
Total current liabilities	4,582,080	1,305,805
Long-term liabilities		
NMTC loans payable A and B, net of structuring fees	10,813,496	-
Finance lease liabilities, net of current portion	-	10,680
Total long-term liabilities	10,813,496	10,680
Total liabilities	15,395,576	1,316,485
Net assets		
Without donor restrictions		
Undesignated	693,591	2,052,940
Board designated - operating reserve	2,000,000	2,000,000
Board designated - disaster reserve	1,000,000	1,000,000
Board designated - capital reserve	1,000,000	1,000,000
Inventory	3,303,331	1,974,788
Property and equipment, net	18,162,248	8,976,339
Total without donor restrictions	26,159,170	17,004,067
With donor restrictions	3,936,838	5,338,934
Total net assets	30,096,008	22,343,001
Total liabilities and net assets	$ 45,491,584	$ 23,659,486

The accompanying notes are an integral part of these combined financial statements.

Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate
Combined Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Support and revenue				
Non-government contributions - in-kind food	$ 25,588,013	$ -	$ 25,588,013	$ 27,252,412
Government support - in-kind food	12,660,194	-	12,660,194	12,785,315
Contributions and grants	4,445,443	3,312,087	7,757,530	5,185,587
Government support	5,681,913	-	5,681,913	5,830,157
Other revenue	488,049	-	488,049	370,344
Special events, net	155,550	-	155,550	185,180
Interest income	485,198	-	485,198	350,978
Gains on disposal of assets	63,795	-	63,795	-
Net assets released from restriction	4,714,183	(4,714,183)	-	-
Total support and revenue	54,282,338	(1,402,096)	52,880,242	51,959,973
Functional expenses				
Program services	42,961,543	-	42,961,543	45,934,272
Support services				
Management and general	1,453,525	-	1,453,525	1,223,532
Fundraising	712,167	-	712,167	593,026
Total support services	2,165,692	-	2,165,692	1,816,558
Total functional expenses	45,127,235	-	45,127,235	47,750,830
Change in net assets	9,155,103	(1,402,096)	7,753,007	4,209,143
Net assets, beginning of year	17,004,067	5,338,934	22,343,001	18,133,858
Net assets, end of year	$ 26,159,170	$ 3,936,838	$ 30,096,008	$ 22,343,001

Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate
Combined Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

		Support Services			
	Program Services	Management and General	Fundraising	2025 Total	2024 Total
Personnel expenses					
Salaries and wages	$ 1,654,586	$ 492,714	$ 279,459	$ 2,426,759	$ 2,255,611
Employee benefits	202,379	102,341	26,991	331,711	295,164
Payroll taxes	139,077	42,070	23,306	204,453	186,061
Total personnel expenses	1,996,042	637,125	329,756	2,962,923	2,736,836
Donated food and supplies distributed	37,398,926	-	-	37,398,926	40,332,008
Purchased food and supplies distributed	1,616,712	-	-	1,616,712	1,771,151
Depreciation and amortization	469,806	59,440	59,440	588,686	621,696
Occupancy costs	220,681	14,702	5,568	240,951	222,787
Shipping and freight	421,000	-	-	421,000	424,355
Transportation and vehicles	217,569	5,140	-	222,709	251,454
Professional services	2,239	300,215	831	303,285	344,715
Direct mail and advertising	19,189	7,529	188,380	215,098	197,196
Telephone and computers	35,546	139,559	10,025	185,130	251,687
Supplies and materials	176,263	662	128	177,053	123,848
Repairs and maintenance	98,688	887	651	100,226	122,548
Insurance	147,090	7,158	-	154,248	74,210
Travel and meeting expenses	36,565	20,782	2,415	59,762	64,808
Office expenses	3,118	25,930	2,835	31,883	34,244
Interest	54,780	176,263	-	231,043	46,130
Contract labor	-	43,445	91,000	134,445	75,081
Bank charges and other fees	2,408	13,702	20,838	36,948	30,333
Member fees	44,921	986	300	46,207	25,743
	$ 42,961,543	$ 1,453,525	$ 712,167	$ 45,127,235	$ 47,750,830
Percentage of total	95.2 %	3.2 %	1.6 %	100.0 %	

The accompanying notes are an integral part of these combined financial statements.

Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate
Combined Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 7,753,007	$ 4,209,143
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	588,686	621,696
Gain on disposal of fixed assets	(63,795)	-
In-kind contributions of food (including government)	(38,248,207)	(40,037,727)
Distribution of food received in-kind	37,398,926	40,332,008
Contributions restricted for long-term purposes	(350,077)	(3,296,030)
Unrealized and realized (gains) losses	(4,690)	-
Donated stock	(785,861)	-
Amortization of NMTC structuring fees	54,780	-
Changes in operating assets and liabilities		
Agency receivables	(286,247)	(19,352)
Grants and contributions receivable	(2,318,497)	12,216
Inventory	(479,262)	(221,639)
Prepaids and other current assets	(270,587)	146,327
Accounts payable	(829,394)	802,553
Other accrued expenses	73,144	165,050
Net cash provided by operating activities	2,231,926	2,714,245
Cash flows from investing activities		
Purchase of property and equipment	(9,172,839)	(2,305,399)
Purchases of investments	(469,067)	-
Issuance of NMTC leverage loan receivable	(8,113,250)	-
Net cash used in investing activities	(17,755,156)	(2,305,399)
Cash flows from financing activities		
Cash received from contributions restricted for long-term purposes	350,077	3,296,030
Proceeds from NMTC loans payable	11,270,000	-
Proceeds on line of credit	3,500,000	-
Principal payments on finance lease liabilities	(16,116)	(9,400)
Principal payments on note payable	-	(906,071)
NMTC structuring fees incurred	(511,284)	-
Net cash provided by financing activities	14,592,677	2,380,559
Net increase (decrease) in cash, cash equivalents and restricted cash	(930,553)	2,789,405
Cash, cash equivalents and restricted cash, beginning of year	12,178,171	9,388,766
Cash, cash equivalents and restricted cash, end of year	$ 11,247,618	$ 12,178,171

The accompanying notes are an integral part of these combined financial statements.

Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate
Combined Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 10,377,314	$ 12,178,171
Restricted cash	870,304	-
	$ 11,247,618	$ 12,178,171

Supplemental disclosure of cash flow information

	2025	2024
Cash paid during the year for interest	$ 231,043	$ 42,591

Supplemental schedule of noncash investing and financing activities

	2025	2024
Property and equipment included in accounts payable	$ 688,927	$ 1,014,149

The accompanying notes are an integral part of these combined financial statements.

1. NATURE OF OPERATIONS

Food In Need of Distribution, Inc. dba FIND Food Bank ("FIND") is a nonprofit 501(c)(3) organization incorporated in 1983. FIND is the trusted leader dedicated to ending hunger in the Coachella Valley Desert Region of the state. Since its inception, FIND has become one of the larger food banks in California, and is now recognized as the Desert's Regional Food Bank. In its service area, FIND is the largest hunger relief organization and also the largest food rescue organization, providing food to an average of more than 150,000 people each month. FIND mobilizes individuals, companies and community partners to connect people to the nutritious food they need. Over 25% of the food distributed is fresh produce. FIND also plays a leading role in promoting federal nutrition programs and educating families on how to make better food choices.

As part of its determination to ensure that every person who needs a meal gets a meal, FIND's strategic plan focuses on the following areas:

- *Efficiency* - Optimizing the food supply chain to maximize impact with clients it serves;
- *Outreach* - Using a hands-on approach to connect the food insecure to food and other resources that can support them increasing their self-sufficiency, and;
- *Leadership* - Leading and educating the community as an expert in the issue of hunger.

FIND measures its success based on increasing the number of meals provided to hungry households in the community, reducing the cost per pound of food distributed, and maintaining or improving the nutritional quality of the food provided.

FIND procures food donations from a number of channels including local manufacturers, growers, and retailers; corporate and community food drives; government food programs such as United States Department of Agriculture ("USDA") and United States Department of the Treasury ("USDT"); and the California Association of Food Banks' Farm to Family Program, which provides large volumes of fresh fruits and vegetables. FIND provides food through its direct distribution sites and by supplying food to partnering nonprofit agencies at more than 152 different food distribution sites. In addition, local households signed up by FIND for food stamps benefits (under the Supplemental Nutrition Assistance Program ("SNAP")) were able to obtain over 1.6 million additional pounds of food by virtue of that successful outreach effort. The incremental food provided via FIND's efforts both via direct distribution and public outreach totaled over 20 million meals to the community in one year.

1. NATURE OF OPERATIONS (continued)

During fiscal year 2025, FIND formed a 501(c)(3) not-for-profit, FIND QALICB Organization (“QALICB” or "Affiliate"), for legal purposes surrounding the New Market Tax Credit (“NMTC”) transaction. QALICB follows the FIND accounting policies and procedures and the administrative functions are performed by the FIND's employees. FIND appoints the majority of the directors of the Affiliate and has the authority to remove any of its appointed directors and replacement of such directors. At the exercise of the Put and Call Option Agreement, after the NMTC compliance period, the ownership of the building will revert back to FIND. FIND has economic interest and control over QALICB, indicating combination is necessary for financial reporting purposes. See Note 8 for additional information on the NMTC.

2. PROGRAM SERVICES

FIND offers three major categories of program services to the community. The suite of programs is designed to help support food insecure individuals transition from their dependency on core food distribution programs to self-sufficiency in feeding themselves, with a strong understanding that all individuals' situation has a unique set of circumstances. For each individual how they utilize FIND programs within this program impact framework is dependent on the client's situational needs. FIND recognizes, appreciates and respects these factors and supports clients for any length of time needed to ensure their primal needs of food intake for health is met.

Ending Hunger for Today Programs

This suite of programs is designed to provide access to clients' core needs of healthy foods through food distribution sites to be able to survive and have the ability to thrive.

- *Agency Partners* - FIND collaborates with community-based organizations to help supply their food pantries and food distributions at more than 100 different distribution sites for low-income members of the community. Types of partners include soup kitchens, religious organizations, homeless shelters and low income housing complexes.
- *FIND Free Community Mobile Markets ("FCMM")* - FIND offers 46 direct food distribution service programs per month to low income geographic locations that have very limited access to affordable food sources (aka "Food Deserts") and/or heavily impacted low income communities whose affordable food sources and agency partners are not ample enough to supply the food need to adequately feed that community. Partners engaged in FIND's direct distributions include low income housing complexes, schools, community centers, senior centers, and business and city owned parking lots. Distributions are focused on either general community food distributions, child specific and/or senior specific food distributions.

2. PROGRAM SERVICES (continued)

Ending Hunger for Today Programs (continued)

- *The Emergency Food Assistance Program ("TEFAP")* - The emergency food assistance program is the federal USDA food commodities program administered through the State of California. As a contractor to the state of California for this program, FIND utilizes 25 of its agency partners' network and its 46 FCMM's to ensure the distribution of these food items to the community, serving an average of 13,000 households and 30,000 individuals monthly. TEFAP accounts for approximately 30% of FIND's food supply.

- *The Commodity Supplemental Food Assistance Program ("CSFP")* - The CSFP is a USDA program administered by the California Department of Social Services. CSFP works to improve the health of individuals at least 60 years of age by supplementing their diets with one monthly box of nutritious USDA commodity foods at no cost. As a California State contracted local agency, FIND utilizes 24 of its agency partners' network and over 45 FCMM's to ensure distribution throughout its service area, serving over 3,750 seniors monthly. CSFP accounts for approximately 22% of FIND's food supply.

- *Disaster Food Distribution* - FIND is the Coachella Valley Desert's Regional Food Bank recognized by both the state and county as the main supplier of disaster food distribution to the community.

- *Home Delivery Program* - Many older adults are homebound due to inability to drive, lack of transportation, or the inability to travel by themselves. To ensure these seniors receive the proper nutrition necessary for a healthier life, FIND Food Bank Client Services team members conduct an intake, determine eligibility, and then, deliver a food box to qualifying older adults.

- *Child Hunger Program* - Child Hunger strategy is designed to address the nutritional needs of food-insecure children. Hungry children lack the energy to learn and play. Poor nutrition and missed meals can result in both short-term and lifelong consequences for growing kids, including health issues, behavioral problems, lower grades, higher dropout rates, and diminished prospects for higher learning and job opportunities in life. FIND provides food though its KIDS Farmers Markets, KIDS Summer Markets and School Snack program to more than 35 elementary, middle and high schools.

- *College Market Program* - Research shows that 2 in every 5 University of California students are food insecure. In the California State University system, 1 in 4 students often don't know where they'll find food for their next meal. FIND's College Market Program helps students stay in school, graduate, and find work at well-paying jobs. We partner with 10 college campuses to provide consistent access to nutritious food, ensuring that all students have enough to eat so they can succeed in their studies.

2. PROGRAM SERVICES (continued)

Ending Hunger for Tomorrow Programs

This suite of programs is designed to address food insecurity and improve access to private and public benefits to support the progression to self-sufficiency.

- *CalFresh SNAP Outreach* - The CalFresh Program formerly known as Food Stamps and known as SNAP (Supplemental Nutrition Assistance Program) provides resources for people and families in need so they can shop for groceries using and EBT card. CalFresh is designed to help families buy a greater amount of healthy, nutritious food each month. FIND has a team of 4 fulltime staff members who are dedicated to providing CalFresh enrollment and education in our service region.
- *Community Health Workers ("CHW")* - CHW are trained staff members who work to improve public health and access to life-saving services. our team includes trusted community members who understand the makeup of surrounding cities and can help residents navigate various community-based services, state and national benefits programs, and financial and healthcare resources. They are experts in navigating complex systems of care and listen to client stories and concerns to determine the best route for assistance. When you come in for a consultation, a FIND CHW will walk you step-by-step through benefits applications, financial resource programs, and other opportunities to improve health and well-being.
- *Nutrition Education & Fresh Produce Program* - FIND's nutrition policy focuses on five key food groups in acquiring and distributing food to our network. Our distribution of fresh fruits, vegetables, protein, dairy, and whole grains align with the USDA MyPlate recommendations for a nutritious, well-rounded diet. Through this policy and program FIND is committed to distributing 40% of fresh produce to our food distribution network.

Ending Hunger for Lifetime Programs

This suite of programs is designed to address the root causes of hunger to support the breaking of poverty cycles and achieve self-sufficiency.

- *Youth Advisory Council (FYAC)* - The FYAC program unites student leaders from across the Coachella Valley to help advise FIND on hunger in our communities and apply new ideas for local solutions to child hunger. FYAC is leading the change of tomorrow by discussing solutions and taking action to address issues facing our community today.
- *Opportunity Bank* - Opportunity Bank is an Activity Fee Scholarship program. Through this program participants receive a scholarship to fund students in extracurricular activities who are limited due to finances. This program incorporates financial literacy training and provides personalized management by a FIND Community Health Worker. Recipients also have a chance to work with local Universities to support studies of program effectiveness and impact.

2. PROGRAM SERVICES (continued)

Ending Hunger for Lifetime Programs (continued)

- *FIND Success* - FIND Food Bank's workforce development programs provide eligible community members with the chance to acquire new skills and attain industry certifications, individuals take the next stride towards a stable and fulfilling career.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). FIND reports its financial position and operating activities in two classes of net assets:

- *Net assets without donor restrictions* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of FIND. Under this category, FIND maintains the operating reserve fund, the disaster reserve fund, and the capital reserve fund.
- *Net assets with donor restrictions* - include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature and will either be satisfied by the passage of time or other events specified by the donor. Other donor-imposed restrictions must be maintained in perpetuity, the income of which is to be used for restrictions as specified by donor.

Principles of combination

The combined financial statements include the accounts of FIND Food Bank and QALICB, collectively referred to as "FIND" or the "Organization". All significant intercompany accounts and transactions have been eliminated.

Comparative financial information

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

FIND considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. FIND's cash is on deposit with two major domestic financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to $250,000. At times, bank deposits may be in excess of federally insured limits. Management has elected to place a portion of cash in a money market account to act as a reserve, if needed. These specific money market funds totaling $6,306,587 and $5,951,206, as of June 30, 2025 and 2024, respectively, are not insured by the FDIC. Management believes FIND is not exposed to significant risk related to their financial institutions.

Restricted cash

Restricted cash includes the cash in bank accounts as part of the New Markets Tax Credit transaction. A separate cash account opened by QALICB is required to track NMTC activity in order to comply with NMTC regulations. The NMTC cash balance was $870,304 as of June 30, 2025. No restricted cash existed as of June 30, 2024. See Note 8 for additional background information on the New Market Tax Credit transaction.

Investments

FIND's investments are carried at fair value and consist primarily of money market funds, mutual funds, exchanged traded funds, stocks, and bonds. Unrealized gains and losses are included in interest income as earnings in the accompanying combined statements of activities. Realized gains and losses are included in earnings and are derived using the average cost method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Agency receivables

Agency receivables consist of fees associated with handling fees and delivery charges from partner agencies or contract fees with local partners. As of June 30, 2025, 2024, and 2023, agency receivables had a balance of $371,106, $84,859, and $63,579, respectively. These fees are stated at the amount management expects to collect from outstanding balances. FIND recognizes an allowance for expected credit losses ("AECL") on agency receivables in an amount equal to the current expected credit losses. The estimation of the AECL is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an expense associated with the allowance for expected credit losses. Management provides for probable uncollected amounts through a charge to expenses and a credit to the AECL based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to AECL and a credit to accounts receivable. As of June 30, 2025 and 2024 , management has determined that no allowance for credit losses was considered necessary. The activity (including write-offs, allowance adjustments, and bad debt recoveries) that occurred during these years was not material to the financial statements.

NMTC leverage loan receivable

Note receivables are carried at the unpaid principal balance. Management does not consider an allowance for unexpected credit losses to be necessary. Interest on loans is recognized over the term of the loan.

Inventory

Inventory consists of donated food and non-food items, purchased food along with United States Department of Agriculture ("USDA") and United States Department of the Treasury ("USDT") commodities received from the government. The donated products received and distributed by FIND have been valued and recorded in the accompanying combined financial statements in accordance with the FASB's guidance on accounting for contributions received and contributions made.

Donated products are valued at fair value using product distribution pricing guidelines provided by Feeding America, a national consortium of food banks. Donated non-government products were valued at $1.90 and $1.97 per pound for the years ended June 30, 2025 and 2024, respectively. This valuation is based on a cost study conducted for Feeding America. USDA and USDT commodities received during the fiscal years ended June 30, 2025 and 2024 were valued at $1.72 and $1.74 per pound, respectively. Purchased food approximates actual cost and is valued utilizing the first in, first out ("FIFO") method. Products purchased during the fiscal years ended June 30, 2025 and 2024 , were valued at cost and averaged $0.91 and $1.19 per pound, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $1,000 are capitalized. Major renewals and betterments that improve or extend the life of the respective assets are capitalized. Amounts that do not meet these criteria are expended for maintenance and repairs and charged to operations as incurred. Depreciation is recorded as a decrease in net assets without donor restrictions and the expense is charged to the activity benefiting from the use of the facilities or equipment.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Vehicles	3 - 7 years
Computer equipment	3 - 7 years
Office and warehouse equipment	3 - 7 years
Buildings and building improvements	39 years

Long lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and the carrying value of the asset. For the years ended June 30, 2025 and 2024, management determined that no impairment loss needs to be recognized.

Revenue recognition - contributions, grants, and promises to give

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified as net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Promises to give are considered conditional when a measurable barrier and right of return or release exists. The promises to give become unconditional and are recognized as revenue when the barriers upon which they depend are overcome and the right of release or return no longer exists. When the satisfaction of a barrier is accomplished in the same period that the contribution is made, conditional contributions are recorded as either unconditional grants and contributions with or without donor restrictions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition - contributions, grants, and promises to give (continued)

FIND considers contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to the receivable or the allowance for doubtful accounts. As of June 30, 2025 and 2024, management has determined that no allowance for doubtful accounts was considered necessary.

Special event revenue, on the combined statements of activities, partially represents an exchange for goods or services, such as ticket sales, tables, sponsorships, and other benefits, and partially a contribution to FIND. The contribution is recognized in accordance with Accounting Standards Codification ("ASC") 958 while the reciprocal portion is recognized under ASC 606 over the course of the event. The reciprocal portion of these transactions is not material to the financial statements.

Grants and contributions receivable consisted of the following as of June 30:

	2025	2024
Government grants receivable	$ 2,685,759	$ 392,887
Contributions receivable, due in one year	20,000	-
Other receivables	6,431	806
	$ 2,712,190	$ 393,693

Other in-kind contributions

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. FIND also receives donated services that do not require specific expertise but which are nonetheless central to FIND's operations. While these contributed services are not reflected in the combined financial statements, the estimated value of these services is disclosed in Note 11.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition - government grants

FIND receives significant government cash and in-kind food assistance through contracts and reimbursement programs funded by federal, state, county, and city agencies. These awards are conditioned upon the incurrence of qualifying expenditures or the performance of specified services and therefore meet the criteria for classification as conditional contributions under GAAP revenue recognition for nonprofit organizations. FIND has elected the simultaneous release option; accordingly, government support is recorded as revenue without donor restrictions when the related barriers have been satisfied and the right of release or return no longer exists. Amounts received before the required conditions are met are recorded as refundable advances (deferred revenue) until FIND has incurred allowable costs or performed the services.

Under these government, FIND is required to fulfill certain conditions such as specific services provided, specified commodities provided, or the qualified expenses incurred. Failure to fulfill the conditions could result in the return of the funds or no release of the funds. No amounts have been reflected in these financial statements for these contracts until conditions are satisfied.

Revenue recognition - other revenue

FIND provides services that qualify as exchange transactions under Accounting Standard Codification ("ASC") 606. Revenue is recognized when FIND satisfies its performance obligations, which may occur at a point in time or over time, depending on the nature of the service.

Other revenue consists of various streams of revenue such as fees associated with handling fees and delivery charges from partner agencies, contract fees with local partners, and other miscellaneous revenue. Handling fees and delivery charges from partner agencies are recognized as revenue at the point in time when the related delivery has been completed. Partner contract fees are recognized as revenue over time as FIND provides support services. Revenue is recognized proportionately over the contract term because the partner simultaneously receives and consumes the benefits as the services are provided, unless denoted otherwise in the agreement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition - other revenue (continued)

The following table presents other revenue disaggregated by revenue source and pattern of revenue recognition as of June 30:

	2025	2024
Point In Time:		
Handling fees and delivery charges	$ 218,345	$ 197,088
Over Time:		
Partner contract fees	269,704	173,256
	269,704	173,256
	$ 488,049	$ 370,344

Allocation of functional expenses

The costs of program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Certain categories of expenses are attributed to more than one program or supporting function; therefore, expenses require allocation on a reasonable basis that is consistently applied.

Management estimates FIND's indirect salary expense allocation based on individual employee's estimated time spent by function or time studies performed. Building, occupancy, and depreciation costs are allocated based on square footage. Other expenses associated with one or more program or supporting service are allocated based on an evaluation by the Organization's management.

Advertising costs

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2025 and 2024 totaled $16,103 and $27,891, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Structuring fees

The Organization's structuring fees are related to the NMTC transaction. These are recorded at cost and are amortized over seven years, the tax credit investment compliance period. Accounting Standards Update 2015-03, Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs requires presenting such unamortized costs as a direct deduction from the face amount of the debt. See Note 8 for more information.

Income tax status

Food in Need of Distribution, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701d of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by FIND in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination. Management has also evaluated the FIND's tax positions and concluded that there are no uncertain tax positions requiring recognition or disclosure under ASC 740.

Subsequent events

FIND has evaluated events and transactions subsequent to June 30, 2025 to assess the need for potential recognition or disclosure in the combined financial statements. Such events were evaluated through February 27, 2026, the date the combined financial statements were available to be issued.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 as follows:

- *Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

- *Level 2* - Inputs to the valuation methodology to 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, or 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 assets 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.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. Management assesses and approves these policies and procedures.

At least annually, management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The following is a description of the valuation methodology used for assets measured at fair value:

- Mutual funds, exchange traded funds, stocks, and bonds: Valued at the daily closing price as reported by the fund. Mutual funds, exchange traded funds, stocks, and bonds held by FIND are open-end funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds, exchange traded funds, stocks, and bonds held by FIND are deemed to be actively traded.

- Other fixed income securities: Valued at fair value based on market quotations for similar assets in active markets, outside pricing services, or computerized pricing models. The fair values of these assets are primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable brokerdealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the FIND's assets at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Fair Value
Mutual funds	$ 358,462	$ -	$ -	$ 358,462
Exchange traded funds	26,322	-	-	26,322
Stocks	244,612	-	-	244,612
Bonds and other fixed income	39,563	39,998	-	79,561
	$ 668,959	$ 39,998	$ -	708,957
Money market funds				550,661
				$ 1,259,618

As of June 30, 2024, there were no investments held at fair value.

5. INVENTORY

Inventory consisted of the following:

	2025	2024
Donated non-government food and supplies	$ 626,765	$ 520,182
Government food commodities and supplies	1,914,461	1,171,766
Purchased food	762,105	282,840
	$ 3,303,331	$ 1,974,788

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2025	2024
Buildings and building improvements	$ 14,634,343	$ 4,968,780
Land	2,531,970	2,531,970
Office and warehouse equipment	2,122,359	1,866,468
Vehicles	2,124,318	1,627,941
Solar system	575,520	575,520
Computer equipment	130,105	130,105
Construction in progress	1,281,506	2,264,634
	23,400,121	13,965,418
Accumulated depreciation	(5,237,873)	(4,989,079)
	$ 18,162,248	$ 8,976,339

Depreciation expense for the years ended June 30, 2025 and 2024 totaled $588,686 and $621,696, respectively.

The construction in progress includes solar panels and equipment for the Food Security Campus building and warehouse that were not fully completed or placed into service yet.

7. LINE OF CREDIT

On June 1, 2024, FIND entered into a line of credit with the H.N. and Francis C. Berger Foundation for up to $3,500,000 in disbursements of $50,000 or more. Interest of 5.5% is due monthly and the full principal balance is due upon maturity of May 31, 2039. Interest expense for the years ended June 30, 2025 and 2024 totaled $231,043 and $46,130, respectively. The line of credit is collateralized by real property and land improvements. For the year ended June 30, 2025, this line of credit was fully drawn on and had an outstanding balance of $3,500,000. Subsequent to year-end in January 2026, the line of credit was fully paid off.

8. NEW MARKET TAX CREDIT RECEIVABLES AND PAYABLES

Background

New Market Tax Credit ("NMTC") are tax credits created by the federal government to help encourage sustained investment in low-income communities. This purpose is to provide investors with a financial incentive (a tax credit) to invest in projects being built in low-income communities. Investors receive a 39% federal tax credit earned over a seven-year period ("the compliance period"). The NMTC transaction provided a mechanism for FIND to receive funding towards the expansion of food access, improvement of operational efficiencies, and support of underserved communities.

8. NEW MARKET TAX CREDIT RECEIVABLES AND PAYABLES (continued)

Transfer of building and recognition

As of June 30, 2024, FIND owned land related to the property at 83775 Citrus Avenue. As part of this NMTC transaction, the land with a book value of $746,129 was transferred from FIND to FIND QALICB Organization ("QALICB") during the year ended June 30, 2025. QALICB owned the land at 83775 Citrus Avenue and recognized an in-kind contribution in the amount of $746,129. FIND recognized contribution expense in the amount of $746,129. Construction in progress and some equipment with a net book value of $4,296,842 were transferred from FIND to FIND QALICB Organization ("QALICB") and were paid for in cash at the cost of the assets during the year ended June 30, 2025. These transactions along with the related receivables and payables were eliminated as part of combination of the combined statements of activities.

NMTC structure and partners

QALICB entered into a NMTC transaction with Twain Investment Fund 803, LLC ("Twain"), the "investor" of the tax credits and New Markets Community Capital XXXIX, LLC (“NMCC CDE”), an entity making community investment loans to QALICB. FIND was the "Leveraged Lender" in the NMTC transaction.

New Market Tax Credit receivable

In August 2024, FIND utilized cash for operational needs in the amount of $5,681,795 and the repayment of prior incurred costs from QALICB in the amount of $2,431,455 to participate as a levaraged lender in the NMTC transaction by making a loan in the amount of $8,113,250, due in August 2061, to Twain. During the time frame from August 2024 through July 2031, Twain will make interest-only payments at the interest rate of 1% with quarterly principal payments beginning in August 2031 of $78,342. Interest income recorded for the year ended June 30, 2025 was $68,512. There was no interest income recorded for the year ended June 30, 2024.

New Market Tax Credit notes payable A & B, net of structuring fees

As a component of the NMTC transaction, QALICB received two loans from Twain totaling $11,270,000 (Note A - $8,113,250 and Note B - $3,156,750) on August 27, 2024. QALICB is obligated to make monthly interest payments, at an interest rate of 1.33% during the seven-year NMTC compliance period which is expected to end August 26, 2031. No principal payments are due until end of compliance period or maturity date of the notes. Interest expense incurred for the year ended June 30, 2025 was $81,970. There was no interest expense incurred for the year ended June 30, 2024.

8. NEW MARKET TAX CREDIT RECEIVABLES AND PAYABLES (continued)

QALICB incurred $511,284 in structuring fees associated with structuring the NMTC. Structuring fees are to be amortized over seven years, which is the tax credit investment compliance period. Amortization of these costs, included in interest expense on the combined statements of functional expenses, for the year ended June 30, 2025 was $54,780. There were no costs incurred related to this transaction for the year ended June 30, 2024.

NMTC loans payable A & B, net of structuring fees on the combined statement of financial position consisted of the following as of June 30, 2025:

NTMC loan payable A	$ 8,113,250
NMTC loan payable B	3,156,750
	11,270,000
Structuring fees	(511,284)
Accumulated amortization	54,780
	$ 10,813,496

Option agreement

Simultaneous with the above transactions, QALICB entered into a Put and Call Option Agreement with NMTC Fund 2023 (the sole investor in the fund) to put the ownership interest in the Fund for $1,000 commencing on August 24, 2031; the first day after the seven year tax credit investment compliance period. Exercising of the Option will effectively extinguish QALICB’s outstanding debt owed to the NMCC CDE. Twain, NMCC CDE, and QALICB will then be effectively dissolved, thus ending the structured financing deal.

If the structure does not dissolve, QALICB will make principal and interest payments until the loans mature on August 24, 2064. The probability of the loans extending past the seven-year compliance period is very low provided that QALICB utilizes the 40,000 square foot warehouse and workforce development center in accordance with the original intent in the NMTC allocation as a qualified low- income community business.

8. NEW MARKET TAX CREDIT RECEIVABLES AND PAYABLES (continued)

Related party lease

As part of the New market Tax Credit transaction, QALICB ("lessor") leases the corresponding real property to FIND ("lessee") beginning on August 27, 2024. The lease has a term of 30 years with quarterly payments ranging from $22,000 starting in June 2025 with annual increases of approximately three percent to $63,919 for the fiscal year 2031, and $113,996 for the remaining life of the lease.

In May 2025, the construction in progress was placed into service and the commencement of the lease began. As of June 30, 2025, FIND had a right-of-use asset of $11,869,471 and lease liability of $11,947,160. Amortization and interest expense (i.e. rent expense) incurred for the year ended June 30, 2025 for FIND totaled $99,689. As of June 30, 2025, QALICB had unearned lease income asset of $77,690. Rental income recognized for the year ended June 30, 2025 for QALICB totaled $99,689. As part of the combination of the financial statements, the assets and liabilities along with all rental income and expenses, as part of the related party transactions were eliminated.

9. BOARD DESIGNATED NET ASSETS

As part of FIND's annual review of designated assets, the Board adopted specific guidelines for establishing the level of each designation as follows:

Operating reserve - These reserves are commonly held by nonprofit organizations and food banks for unexpected events. The reserved amount is sufficient to maintain ongoing operations and programs - allowing FIND to continue food distribution services for a period of 4 months based on its current average monthly expense rate of approximately $547,000.

Disaster reserve - FIND is a disaster response food bank for the State of California and Riverside County, ensuring that people affected by a disaster have access to food until recovery is established. As such, it is critical that disaster response funds are reserved allowing FIND to quickly respond to disasters until further funds can be raised to support efforts.

Capital reserve - These reserve funds are commonly held by food banks as part of business continuity planning because of the vast nature of facilities, equipment and fleet required to provide food distribution services to the community. The fund will allow FIND to quickly replace, repair or expand capital items to ensure that there is no interruption of daily operations, which could dramatically affect people who are food insecure.

9. BOARD DESIGNATED NET ASSETS (continued)

Board designated net assets consisted of the following:

	2025	2024
Operating reserve	$ 2,000,000	$ 2,000,000
Disaster reserve	1,000,000	1,000,000
Capital reserve	1,000,000	1,000,000
	$ 4,000,000	$ 4,000,000

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2025	2024
Purpose restrictions:		
Community mobile markets	$ 277,500	$ 150,000
Healthy food purchasing	70,455	117,759
Senior hunger	318,262	192,307
Outreach services	2,856,834	1,150,000
Opportunity bank	81,783	96,838
Building fund and capital projects	-	3,296,030
	3,604,834	5,002,934
Time restrictions:		
Operations	332,004	336,000
	332,004	336,000
	$ 3,936,838	$ 5,338,934

10. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year ended June 30 were as follows:

	2025	2024
Purpose restrictions:		
Healthy food purchasing	$ 177,759	$ 581,159
Community mobile markets	275,000	520,000
Outreach services	401,956	194,000
Senior hunger	192,307	159,000
Opportunity bank	15,054	8,446
Building fund and capital projects	3,646,107	-
	4,708,183	1,462,605
Time restricted:		
Operations	6,000	258,833
	6,000	258,833
	$ 4,714,183	$ 1,721,438

FIND had no net assets subject to restrictions in perpetuity as of June 30, 2025 and 2024.

11. IN-KIND FOOD CONTRIBUTIONS AND SUPPORT

Donated product includes the following main categories: proteins, produce, dairy, bread, and beverages as well as a minimal amount of essential household and personal product. The food and other products were donated to FIND by various individuals, organizations, and state governments. FIND's policy is to utilize substantially all contributed food and other nonfinancial assets in its programs and not to monetize them.

Donated non-government products were valued at $1.90 and $1.97 per pound for the years ended June 30, 2025 and 2024, respectively. Donated government food was valued at $1.72 and $1.74 per pound for the years ended June 30, 2025 and 2024, respectively. This valuation is based on a cost study conducted for Feeding America performed for calendar year 2024 and 2023 studies. Each of the annual studies involves a review of 31 product categories and wholesale prices using a national wholesaler's pricing catalogs. Other independent sources may also be used as necessary for items not included in the catalogs. The average value of one pound of donated product will vary from year-to-year based on the mix of product items donated. As part of the study, Feeding America analyzes and reviews the results to determine the accuracy and understand the key components of the valuation and the year-over-year changes.

11. IN-KIND FOOD CONTRIBUTIONS AND SUPPORT (continued)

In-kind food contributions and support consisted of the following:

	2025	2024
Non-government in-kind food	$ 25,588,013	$ 27,252,412
Government in-kind food	12,660,194	12,785,315
	$ 38,248,207	$ 40,037,727

FIND also receives donated services that do not require specific expertise but which are nonetheless central to FIND's operations. During the years ended June 30, 2025 and 2024, FIND received 36,730 and 33,781 hours of volunteer time, respectively. The estimated value of these services for the years ended June 30, 2025 and 2024, respectively, based on the estimated dollar value of volunteer time calculated by Independent Sector, amounts to $1,474,338 and $1,304,275, respectively. The value of these services is not reflected in the combined financial statements as they do not meet the requirements for recognition under ASC 958.

12. CONTINGENCIES AND CONCENTRATIONS

Concentrations

FIND receives a substantial portion of its in-kind food and grant support from federal and state government programs administered through the California Department of Social Services. A significant reduction in the level of this support could have a material adverse effect on the Organization’s programs.

For the year ended June 30, 2025, the Organization received approximately 42% of total contributions and grants revenue from two sources. As of June 30, 2024, there were no concentrations noted.

Contingencies

Grants and contracts awarded to FIND are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, FIND could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the years ended June 30, 2025 and 2024.

12. CONTINGENCIES AND CONCENTRATIONS (continued)

Legal proceedings

In the ordinary course of operations, FIND is engaged in occasional litigation. Management anticipates no significant adverse outcomes related to any such ongoing activity to have a material adverse effect on FIND's financial condition, results of activities or cash flows.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures within one year of June 30, consisted of the following:

	2025	2024
Available financial assets:		
Cash and cash equivalents	$ 10,377,314	$ 12,178,171
Investments	1,259,618	-
Agency receivables	371,106	84,859
Grants and contributions receivable	2,712,190	393,693
	14,720,228	12,656,723
Less amounts unavailable for general expenditure within one year:		
Board designated - operating reserve	(2,000,000)	(2,000,000)
Board designated - disaster reserve	(1,000,000)	(1,000,000)
Board designated - capital reserve	(1,000,000)	(1,000,000)
Net assets restricted for specified purposes	(3,604,834)	(5,002,934)
	$ 7,115,394	$ 3,653,789

Short-term receivables consists of agency, grant, and contribution receivables and are expected to be received within one year from June 30, 2025 and those receivables without donor restrictions will be available to support general operations of FIND.

FIND's primary sources of support are contributions and grants. Some support is required to be used in accordance with the purpose restrictions imposed by the donors or contractual requirements imposed by grantors. As part of FIND's liquidity management it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the Board designates a portion of any operating surplus to its operating reserves.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

FIND has certain board designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these have been included in the qualitative information above. Additionally, the Board designated operating reserve totaling $2,000,000 is available if and when needed for general expenditures. Other board designated amounts (the disaster and capital reserves) are intended for specific purposes but could be made available, if necessary.

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S 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
Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate

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 combined financial statements of Food in Need of Distribution, Inc. (a California nonprofit corporation) and Affiliate dba FIND Food Bank and Affiliate ("FIND"), which comprise the combined statement of financial position as of June 30, 2025, and the related combined statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the combined financial statements, and have issued our report thereon dated February 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered FIND'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 FIND's internal control. Accordingly, we do not express an opinion on the effectiveness of FIND'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether FIND's combined 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 combined 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 FIND's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FIND's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Armanino LLP

St. Louis, Missouri

February 27, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Food in Need of Distribution, Inc. and Affiliate
dba FIND Food Bank and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Food in Need of Distribution, Inc. (a California nonprofit corporation) and Affiliate dba FIND Food Bank and Affiliate ("FIND")'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 FIND's major federal programs for the year ended June 30, 2025. FIND's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FIND 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FIND 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 FIND'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 FIND's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FIND'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 FIND'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 FIND'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 FIND'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 FIND's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness 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.

Armanino LLP

St. Louis, Missouri

February 27, 2026

Food in Need of Distribution, Inc.
dba FIND Food Bank and Affiliate
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Expenditures of Federal Awards				
U.S. Department of Agriculture				
Pass-through program from:				
California Department of Social Services				
Food Distribution Cluster				
Emergency Food Assistance Program (Food Commodities)	10.569	MOU-22-06006	$ 8,784,417	$ 6,306,511
Emergency Food Assistance Program (Administrative Costs)	10.568	MOU-22-06006	415,712	-
Emergency Food Assistance Program - Commodity Credit Corporation (Administrative Costs)	10.568	MOU-22-06006	28,340	-
Reach and Resiliency Grant	10.568	18-MOU-06006	1,160,282	-
Commodity Supplemental Food Program (Food Commodities)	10.565	MOU-22-6055	3,133,081	1,362,882
Commodity Supplemental Food Program (Administrative Costs)	10.565	MOU-22-6055	415,153	-
Total Food Distribution Cluster			13,936,985	7,669,393
California Department of Social Services				
Local Food Purchasing Assistance Grant	10.182	18-MOU-06006	29,937	-
Total Local Food Purchasing Assistance Grant			29,937	-
Pass-through program from:				
California Department of Social Services - California Association of Food Banks				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	18-7013	119,260	-
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			14,086,182	7,669,393
Total U.S. Department of Agriculture			14,086,182	7,669,393
U.S. Department of Housing and Urban Development				
Pass-through program from:				
City of Indio				
Community Development Block Grants/Entitlement Grants	14.218	N/A	53,500	-
Total U.S. Department of Housing and Urban Development			53,500	-
Total Expenditures of Federal Awards			$ 14,139,682	$ 7,669,393

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Food in Need of Distribution, Inc.
dba FIND Food Bank and Affiliate
Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Food in Need of Distribution, Inc. (a California nonprofit corporation) and Affiliate dba FIND Food Bank and Affiliate ("FIND") 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 FIND, it is not intended to and does not present the financial position, changes in net assets, or cash flows of FIND.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. FOOD DISTRIBUTION

The amounts reported for "Food Commodities" programs represent the dollar value of the U.S. Department of Agriculture ("USDA") and the U.S. Department of the Treasury ("USDT") food commodities distributed to FIND during the year. The USDA and other distributors provide the current value of the commodities to compute the amounts reported. As of June 30, 2025, FIND had USDA food commodities totaling $1,914,461 and no USDT food commodities in inventory.

4. INDIRECT COSTS

FIND has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Food in Need of Distribution, Inc.
dba FIND Food Bank and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	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 that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Assistance Listing Number
Food Distribution Cluster	
Emergency Food Assistance Program (Administrative Costs)	10.568
Emergency Food Assistance Program (Food Commodities)	10.569
Commodity Supplemental Food Program - (Food and Administrative Costs)	10.565

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Food in Need of Distribution, Inc.
dba FIND Food Bank and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Food in Need of Distribution, Inc.
dba FIND Food Bank and Affiliate
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

SECTION IV - SUMMARY OF PRIOR AUDIT FINANCIAL STATEMENT FINDINGS

There were no prior year findings.