

Good Shepherd Food Bank of Maine and Subsidiary

Consolidated Financial Statements,
Other Financial Information
and Supplementary Information

*For the Years Ended June 30, 2025 and 2024
With Independent Auditors' Report*

Baker Newman & Noyes LLC
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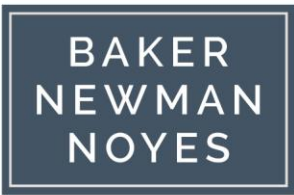
GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS, OTHER FINANCIAL INFORMATION AND SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Good Shepherd Food Bank of Maine and Subsidiary

Opinion

We have audited the consolidated financial statements of Good Shepherd Food Bank of Maine and Subsidiary (the Company), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

The Board of Directors
Good Shepherd Food Bank of Maine and Subsidiary

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies 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 consolidating and other supplementary information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Baku Newman & Noyes LLC

Portland, Maine
December 17, 2025

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$ 6,204,496	\$ 3,639,348
Cash and cash equivalents - donor restricted	150,000	542,874
Certificates of deposit	816,783	787,721
Pledges receivable, current portion	764,077	774,956
Accounts receivable – agency/customer fees (net of allowance)	479,539	447,229
Accounts receivable – USDA	286,693	781,173
Accounts receivable – other	20,975	329,605
Inventory – purchased product	2,206,659	2,343,891
Inventory – donated product	2,562,901	2,282,583
Inventory – USDA commodities	3,215,537	5,061,609
Prepaid expenses	<u>334,625</u>	<u>1,198,756</u>
Total current assets	17,042,285	18,189,745
Property, plant and equipment, net	13,357,868	13,985,363
Other assets:		
Other assets	52,776	54,035
Pledges receivable, net of current portion	438,242	676,020
Investments	119,527	2,564,560
Investments – board designated	10,348,692	10,089,851
Right-of-use assets	<u>829,268</u>	<u>1,053,558</u>
Total other assets	<u>11,788,505</u>	<u>14,438,024</u>
Total assets	<u>\$42,188,658</u>	<u>\$46,613,132</u>

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
Current liabilities:		
Accounts payable	\$ 463,961	\$ 926,731
Agency designations payable	191,651	134,255
Accrued expenses	166,580	125,274
Accrued salaries and wages	275,002	322,772
Accrued compensated absences	371,679	409,577
Current portion of operating lease liabilities	261,696	310,659
Current portion of forgivable long-term debt	<u>125,000</u>	<u>125,000</u>
Total current liabilities	1,855,569	2,354,268
Long-term liabilities:		
Long-term forgivable debt, less current portion	250,000	375,000
Operating lease liabilities	<u>567,572</u>	<u>742,899</u>
Total long-term liabilities	<u>817,572</u>	<u>1,117,899</u>
Total liabilities	2,673,141	3,472,167
Net assets:		
Without donor restrictions		
Board designated – endowment	10,348,692	10,550,967
Operations	26,598,169	30,431,972
Noncontrolling interest in subsidiary – preferred stock	<u>984,000</u>	<u>—</u>
Total without donor restrictions	37,930,861	40,982,939
With donor restrictions	<u>1,584,656</u>	<u>2,158,026</u>
Total net assets	<u>39,515,517</u>	<u>43,140,965</u>
Total liabilities and net assets	<u>\$42,188,658</u>	<u>\$46,613,132</u>

See accompanying notes.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Donated product	\$ 80,806,808	\$ –	\$ 80,806,808	\$ 76,732,610	\$ –	\$ 76,732,610
Contributions	11,882,952	585,044	12,467,996	11,673,276	1,072,305	12,745,581
Product and program income	5,071,325	–	5,071,325	4,992,809	–	4,992,809
Grants	833,224	1,015,855	1,849,079	1,091,157	1,431,599	2,522,756
USDA	2,454,877	–	2,454,877	1,640,879	–	1,640,879
Government support revenue	410,073	1,246,290	1,656,363	473,197	1,096,124	1,569,321
Special events	33,039	–	33,039	33,475	–	33,475
In-kind contributions	136,040	–	136,040	207,618	–	207,618
Other revenue	15,167	–	15,167	47,006	–	47,006
Investment return	603,612	–	603,612	961,546	–	961,546
Interest and dividends	383,138	–	383,138	612,155	–	612,155
Gain on sale of property and equipment	–	–	–	6,500	–	6,500
Net assets released from restrictions	<u>3,420,559</u>	<u>(3,420,559)</u>	<u>–</u>	<u>4,736,853</u>	<u>(4,736,853)</u>	<u>–</u>
Revenues, gains and other support	106,050,814	(573,370)	105,477,444	103,209,081	(1,136,825)	102,072,256
Expenses:						
Program services:						
Product distribution	100,809,062	–	100,809,062	94,702,700	–	94,702,700
Root cause solutions	4,463,571	–	4,463,571	5,171,540	–	5,171,540
Supporting services:						
General and administrative	1,948,309	–	1,948,309	2,022,277	–	2,022,277
Fundraising	<u>2,865,950</u>	<u>–</u>	<u>2,865,950</u>	<u>3,204,826</u>	<u>–</u>	<u>3,204,826</u>
Total expenses	<u>110,086,892</u>	<u>–</u>	<u>110,086,892</u>	<u>105,101,343</u>	<u>–</u>	<u>105,101,343</u>
Change in net assets	(4,036,078)	(573,370)	(4,609,448)	(1,892,262)	(1,136,825)	(3,029,087)
Proceeds from the issuance of Series A Preferred Stock	984,000	–	984,000	–	–	–
Net assets at beginning of year	<u>40,982,939</u>	<u>2,158,026</u>	<u>43,140,965</u>	<u>42,875,201</u>	<u>3,294,851</u>	<u>46,170,052</u>
Net assets at end of year	<u>\$ 37,930,861</u>	<u>\$ 1,584,656</u>	<u>\$ 39,515,517</u>	<u>\$ 40,982,939</u>	<u>\$ 2,158,026</u>	<u>\$ 43,140,965</u>

See accompanying notes.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2025 and 2024

	2025				
	Program Services		Support Services		Total
	Product Distribution	Root Cause Solutions	General and Administrative	Fundraising	
Expenses:					
Donated product distributed	\$ 82,372,562	\$ —	\$ —	\$ —	\$ 82,372,562
Product purchased	9,375,214	1,052,798	—	—	10,428,012
Program food and supply costs	86,834	592,538	209	17	679,598
Direct agency support	1,079,905	267,430	—	3,952	1,351,287
Gift card expense	13,350	68,940	—	—	82,290
Salaries	4,102,062	1,037,801	1,026,486	1,001,637	7,167,986
Salaries – in-kind	86,064	12,530	17,112	20,334	136,040
Employee benefits	826,234	179,637	254,219	221,870	1,481,960
Payroll taxes employer expense	313,700	80,613	86,811	74,940	556,064
Workers' compensation insurance	72,412	1,891	2,401	1,817	78,521
Contracted services	65,287	88,194	251,904	285,051	690,436
Professional fees	—	61,333	35,277	—	96,610
Direct mail printing and processing	—	—	—	991,425	991,425
Special events	57	—	581	9,260	9,898
Advertising, publicity and fundraising supplies	—	45,617	21,679	16,858	84,154
Vehicle expense	594,059	525	—	189	594,773
Postage	99	726	7,898	7,222	15,945
Utilities	239,325	—	—	—	239,325
Building maintenance	213,938	—	—	—	213,938
Warehouse supplies, equipment and maintenance	137,627	9,835	760	—	148,222
Occupancy – other rental	12,313	25,726	6,431	22,510	66,980
Telephone and communications	74,588	10,859	14,831	17,623	117,901
Computer supplies	365,079	53,152	72,591	86,258	577,080
Trash removal	55,878	—	—	—	55,878
Travel, conferences and meetings	95,215	19,129	27,753	19,551	161,648
Liability and vehicle insurance	80,087	10,325	11,018	9,965	111,395
Office supplies and expense	33,669	2,468	2,525	5,512	44,174
Feeding America fees	—	—	27,859	—	27,859
Miscellaneous	8,727	6,290	26,829	6,820	48,666
Total expenses before depreciation	<u>100,304,285</u>	<u>3,628,357</u>	<u>1,895,174</u>	<u>2,802,811</u>	<u>108,630,627</u>
Depreciation	<u>504,777</u>	<u>835,214</u>	<u>53,135</u>	<u>63,139</u>	<u>1,456,265</u>
Total expenses	<u>\$ 100,809,062</u>	<u>\$ 4,463,571</u>	<u>\$ 1,948,309</u>	<u>\$ 2,865,950</u>	<u>\$ 110,086,892</u>

	2024				
	Program Services		Support Services		Total
	Product Distribution	Root Cause Solutions	General and Administrative	Fundraising	
Expenses:					
Donated product distributed	\$ 74,608,720	\$ —	\$ —	\$ —	\$ 74,608,720
Product purchased	10,246,016	1,263,439	—	—	11,509,455
Program food and supply costs	98,387	408,243	—	—	506,630
Direct agency support	1,551,283	665,224	—	—	2,216,507
Gift card expense	52,670	75,520	—	—	128,190
Salaries	4,299,922	1,170,785	1,029,289	1,226,453	7,726,449
Salaries – in-kind	129,991	25,080	23,793	28,754	207,618
Employee benefits	857,544	198,463	198,115	233,124	1,487,246
Payroll taxes employer expense	321,344	84,402	74,512	88,429	568,687
Workers' compensation insurance	101,210	2,533	3,513	3,083	110,339
Contracted services	47,413	234,268	330,006	382,578	994,265
Professional fees	—	4,450	61,889	—	66,339
Direct mail printing and processing	—	—	—	946,851	946,851
Special events	—	—	—	8,599	8,599
Advertising, publicity and fundraising supplies	—	54,312	43,756	37,094	135,162
Vehicle expense	606,567	—	—	—	606,567
Postage	117	1,389	7,818	9,487	18,811
Utilities	206,193	—	—	—	206,193
Building maintenance	205,177	—	—	—	205,177
Warehouse supplies, equipment and maintenance	117,406	1,525	—	—	118,931
Occupancy – other rental	7,492	30,669	7,667	26,835	72,663
Telephone and communications	86,831	16,753	15,893	19,207	138,684
Computer supplies	367,385	70,881	67,246	81,266	586,778
Trash removal	62,616	—	—	—	62,616
Travel, conferences and meetings	128,960	53,323	40,791	26,182	249,256
Liability and vehicle insurance	69,776	8,269	13,702	8,663	100,410
Office supplies and expense	33,000	5,372	3,336	5,140	46,848
Feeding America fees	—	—	17,448	—	17,448
Interest expense	—	—	—	—	—
Miscellaneous	32,856	2,817	30,590	9,135	75,398
Total expenses before depreciation	<u>94,238,876</u>	<u>4,377,717</u>	<u>1,969,364</u>	<u>3,140,880</u>	<u>103,726,837</u>
Depreciation	<u>463,824</u>	<u>793,823</u>	<u>52,913</u>	<u>63,946</u>	<u>1,374,506</u>
Total expenses	<u>\$ 94,702,700</u>	<u>\$ 5,171,540</u>	<u>\$ 2,022,277</u>	<u>\$ 3,204,826</u>	<u>\$105,101,343</u>

See accompanying notes.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (4,609,448)	\$ (3,029,087)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	1,456,265	1,374,506
Realized and unrealized gain on investments	(814,619)	(961,546)
Restricted contributions and grants	(2,847,189)	(3,600,028)
Gain on sale of property, plant and equipment	–	(6,500)
Loan forgiveness	(125,000)	–
Change in value of donated inventory	1,565,754	(2,131,324)
(Increase) decrease in:		
Pledges receivable	248,657	979,794
Accounts receivable – agency/customer fees	(32,310)	475,873
Accounts receivable - USDA	494,480	(510,796)
Accounts receivable – other	273,630	(242,791)
Inventory – purchased product	137,232	(1,042,870)
Prepaid expenses	864,131	(274,226)
Other assets	1,259	–
Increase (decrease) in:		
Accounts payable	(462,770)	143,758
Agency designations payable	57,396	13,839
Accrued expenses	41,306	73,036
Accrued salaries and wages	(47,770)	(18,680)
Accrued compensated absences	(37,898)	45,312
Net cash used by operating activities	<u>(3,836,894)</u>	<u>(8,711,730)</u>
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	–	6,500
Purchase of property, plant and equipment	(828,770)	(613,761)
Change in certificates of deposit	(29,062)	(29,061)
Purchase of investments	(2,396,987)	(1,355,151)
Proceeds from sales of investments	<u>5,397,798</u>	<u>7,100,000</u>
Net cash provided by investing activities	2,142,979	5,108,527
Cash flows from financing activities:		
Proceeds from issuance of Series A Preferred Stock of Harvesting Good	984,000	–
Proceeds from long-term debt	–	500,000
Restricted contributions and grants	<u>2,882,189</u>	<u>3,565,028</u>
Net cash provided by financing activities	<u>3,866,189</u>	<u>4,065,028</u>
Net change in cash and cash equivalents	2,172,274	461,825
Cash, cash equivalents and restricted cash, beginning of year	<u>4,182,222</u>	<u>3,720,397</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 6,354,496</u>	<u>\$ 4,182,222</u>

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Supplemental schedule of the effect of donated product inventory on change in net assets:		
Donated product revenue received:		
Donated product	\$59,478,234	\$55,342,126
USDA CSFP	3,422,015	3,379,727
USDA TEFAP	<u>17,906,559</u>	<u>18,010,757</u>
Total donated product revenue	80,806,808	76,732,610
Donated product expense for product distributed:		
Donated product	56,929,594	51,429,024
USDA CSFP	3,653,872	3,542,866
USDA TEFAP	19,325,201	15,475,588
Nondistributable product	<u>2,463,895</u>	<u>4,153,808</u>
Total donated product expense	<u>82,372,562</u>	<u>74,601,286</u>
Effect of donated product inventory on change in net assets	<u>\$(1,565,754)</u>	<u>\$ 2,131,324</u>
Inventory – donated product and USDA commodities, beginning of year	\$ 7,344,192	\$ 5,212,868
Effect of change in donated project inventory	<u>(1,565,754)</u>	<u>2,131,324</u>
Inventory – donated product and USDA commodities, end of year	<u>\$ 5,778,438</u>	<u>\$ 7,344,192</u>

As noted in the notes to the financial statements, the Food Bank has adopted Feeding America's "Product Valuation Survey Methodology" to value products donated and distributed, which are noncash transactions included in the consolidated statements of activities. The effect of these transactions impact the change in net assets from operations and are included in the overall change in net assets. The effects are as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Change in net assets	\$ (4,609,447)	\$ (3,029,087)
Change from donated product inventory	<u>(1,565,754)</u>	<u>(2,131,324)</u>
Change in net assets from operations	<u>\$(6,175,201)</u>	<u>\$(5,160,411)</u>

See accompanying notes.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

1. Description of Organization

Good Shepherd Food Bank of Maine (GSFB) was organized November 22, 1981 as a Maine corporation exempt from income tax under Internal Revenue Code Section 501(c)(3). As the largest hunger relief organization in Maine, GSFB provides for Mainers facing hunger by distributing nutritious food to more than 600 partner agencies across the state, including food pantries, meal sites, shelters, schools, senior centers, and youth programs. Together with its network, GSFB leads a statewide effort to combat the root causes of hunger by engaging in advocacy, nutrition education, and strategic partnerships. Together with its network of partner agencies, GSFB distributes over 40 million meals annually to families, children, and seniors in need throughout Maine.

Harvesting Good (HG), a for-profit entity, was organized April 17, 2020 as a Maine benefit corporation. HG processes and sells local vegetables with the intent to improve access to nutritious food for people in need while strengthening regional food systems. Harvesting Good has been consolidated in the accompanying consolidated financial statements for the years ended June 30, 2025 and 2024. Harvesting Good has authorized the issuance of up to 806,560 shares of Series A Preferred Stock. In the year ended June 30, 2025, 161,312 shares were issued and are outstanding at year end. Proceeds from the issuance were \$984,000. This amount is reflected on the balance sheet as a noncontrolling interest in a subsidiary. The Preferred Stock has various rights, preferences, powers, privileges and restrictions, qualifications, and limitations, including the right to an accruing 5% dividend, preference in liquidation, and conversion and redemption rights, among others.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements of GSFB and subsidiary (collectively, GSFB) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

GSFB is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. This includes a board restricted endowment to support sustained delivery of GSFB's programs.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of GSFB, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of GSFB and its wholly owned subsidiary, Harvesting Good (collectively, the Company). Significant intercompany balances and transactions have been eliminated from the consolidated financial statements.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, GSFB considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$6,204,496	\$3,639,348
Restricted cash	<u>150,000</u>	<u>542,874</u>
	<u>\$6,354,496</u>	<u>\$4,182,222</u>

At June 30, 2025 and 2024, restricted cash is to be used for support of various programs.

Concentration of Credit Risk

GSFB maintains its cash balances and certificates of deposit at several financial institutions which, at times, may exceed federal insured limits. GSFB has not experienced any losses on such accounts and does not believe it is exposed to any significant credit risks on its cash and certificates of deposit accounts.

Investments

Investments are stated at fair value. Gains and losses on investments are computed on the specific identification basis. Investment income and realized and unrealized gains/losses are included in revenue without donor restrictions unless restricted by donor or law. In addition, investment returns from net assets with donor restrictions are classified as restricted until appropriated for expenditures.

Investments, in general, are exposed to various risks, such as interest rate, credit, liquidity and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position and activities.

Investment Return

Investment return is reported in the consolidated statements of activities and consists of realized and unrealized investment gains and losses, less investment expenses.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable due from non-profit agencies and organizations are stated at the amount management expects to collect from balances outstanding at year end. Management provides for uncollectible amounts through a charge to earnings and a credit to a valuation allowance 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 the valuation allowance and a credit to accounts receivable. At June 30, 2025 and 2024, GSFB recorded allowance for doubtful accounts of \$11,523 and \$3,879, respectively.

Revenue Recognition

The majority of GSFB's revenue is derived from grants and contributions for which revenue is recognized in accordance with Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. GSFB accounts for product and program income in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*.

Performance obligations associated with program and product income are typically satisfied when the product is shipped to or received by the customer under the terms of delivery. Customers are generally invoiced shortly after product is delivered, with payment generally due within a month of the invoice date.

Substantially all of GSFB's performance obligations are satisfied as of a point in time. Therefore, there is little judgment in determining when control transfers for GSFB's revenue streams as described above. The transaction price for sales generally equals the amount billed to the customer for the product delivered during the accounting period.

Pledges Receivable

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and support for the appropriate net asset category subject to a discount, for multi-year pledges, when a donor makes a promise that is unconditional. GSFB evaluates its pledges receivable for collectability on a periodic basis and established an allowance of \$11,705 and \$14,390 as of June 30, 2025 and 2024, respectively.

Restricted and Unrestricted Support

Contributions and grants received or donor promises to give are recorded as with or without donor restrictions, depending on the existence or nature of any donor restriction. Contributions made to GSFB are considered available for unrestricted use unless specifically restricted by the donor. In the case of contributions to GSFB's endowment fund, the gift or promise to give is reflected in the consolidated statements of activities as increasing net assets with donor restrictions to be held in perpetuity. All other donor restricted support is reported as an increase in net assets with donor restrictions for a specific purpose. When a restriction expires, such as when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Product and Program Income

GSFB charges partner agencies a maintenance fee, capped at \$.16 per pound, to offset a portion of handling and redistribution costs in connection with donated product. GSFB also purchases product from wholesalers, farms, and other providers. This product is distributed for free, at cost, or at a reduced price subsidized by cash donations. Both shared maintenance fees and purchased product sales proceeds are included in product and program income.

Inventory

Inventories consist of three categories: food and product which is purchased for resale or no-cost distribution by GSFB, food and product which is donated, and government surplus food which is warehoused on behalf of the government by GSFB for redistribution. Inventory values for purchased products are stated at the lower of cost or net realizable value. Donated inventory items are valued at the estimated average wholesale value of one pound of donated product as outlined in the "Product Valuation Survey Methodology," prepared by Feeding America. For the years ended June 30, 2025 and 2024, the value per pound of donated product was \$1.90 and \$1.97, respectively, and the value of USDA commodities was \$1.72 and \$1.74, respectively. The adopted per pound change (decreased) increased the ending value of the inventory by approximately \$(131,000) and \$541,000 as of June 30, 2025 and 2024, respectively. During fiscal years 2025 and 2024, approximately 56.7 and 48.7 million pounds of donated and purchased food was distributed to program recipients, respectively.

Property, Plant and Equipment

GSFB capitalizes all property, plant and equipment with a cost of \$2,500 if purchased, and a fair value of \$2,500 at date of donation if received by contribution. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The cost of maintenance and repairs is expensed as incurred, whereas significant renewals and betterments are capitalized.

Volunteer Hours and Donated Services

GSFB receives without charge a variety of services consisting of personal time that is used for the benefit of GSFB's food and product distribution program. The value of this contributed time is not reflected in the accompanying consolidated financial statements since the services do not require specialized skills. Volunteers donated 14,455 and 17,204 hours with an estimated value of \$502,889 and \$576,162, respectively for the years ended June 30, 2025 and 2024. The value was computed using an hourly rate of \$34.79 and \$33.49 based on the Independent Sector's value of volunteer time for the State of Maine for 2025 and 2024, respectively. Volunteers play a significant role in the handling and distribution of product, in addition to other mission-focused activities. GSFB also received skilled donated services which are recorded within in-kind contributions and program expenses in the consolidated statements of activities that totaled \$136,040 and \$207,618, respectively for the years ended June 30, 2025 and 2024. Donated skilled services are valued at the standard hourly rates charged for these services.

All donated services and assets were utilized by GSFB's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are charged to expense as incurred.

Income Tax Status

GSFB is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, therefore, has made no provision for income taxes in the accompanying consolidated financial statements.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board (FASB), assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position.

GSFB has evaluated the positions taken on its filed tax returns. GSFB has concluded no uncertain income tax positions exist at June 30, 2025.

HG is a taxable entity subject to federal and state taxation. Income taxes are recorded based upon the assets and liabilities method as prescribed by the ASC Topic for Income Tax. HG believes that it has appropriate support for the income tax positions taken and to be taken on tax returns, and that their accruals for tax liabilities are adequate for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. HG has concluded there are no significant uncertain tax positions requiring disclosure and there is no material liability for unrecognized tax benefits.

Since inception, HG has incurred operating losses. Management has implemented cost cutting measures including consolidation of certain operations to help mitigate losses. As a result of the losses, HG has a tax net operating loss (NOL) of approximately \$3,050,000 that may be carried forward indefinitely to future years. Due to the uncertainty surrounding HG's ability to use the NOL prospectively, no accounting impact for the NOL was recognized as the NOL was fully reserved.

Functional Allocation of Expenses

The costs of providing various programs have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among program services, fundraising and general and administrative based on employees' time and effort.

Spending Policies

U.S. GAAP provides guidance on classifying the net assets associated with board designated and donor-restricted endowment funds held by organizations that are subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. UPMIFA was adopted by the State of Maine in 2009. GSFB makes the following disclosures related to this guidance and adoption of UPMIFA:

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

GSFB has adopted a spending policy, approved by the Board of Directors, which allows for distributions of up to 4% of the market value of the donor and Board restricted endowment funds on an annual basis, calculated on a three year rolling average. Distributions from the Board restricted endowment may be made at any time at the discretion of GSFB Board of Directors.

The Board of Directors interpreted UPMIFA as requiring the preservation of the fair value of the endowed gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, GSFB considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. GSFB has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Leases

GSFB accounts for leases in accordance with ASC 842, *Leases*. The core principle of ASC 842 is that the lease should recognize on the consolidated statement of financial position the assets and liabilities that arise from leases.

At inception of a contract, GSFB determines whether that contract is or contains a lease. GSFB determines whether a contract contains a lease by assessing whether there is an identified asset and whether the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. GSFB has control of the asset if it has the right to direct the use of the asset and obtains substantially all of the economic benefits from the use of the asset throughout the period of use.

As a practical expedient, GSFB does not recognize a lease asset or lease liability for leases with a lease term of 12 months or less. In the determination of the lease term, the Company considers the existence of extension or termination options and the probability of those options being exercised.

Right-of-use assets represent GSFB's right to use an underlying asset during the lease term and lease liabilities represent GSFB's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. GSFB's lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised.

As a practical expedient, the Company uses the risk free rate as of the lease commencement date, per the U.S. Treasury Department, to determine the discount rate used in the present value of future cash payment calculation.

Operating lease expense is recognized on a straight-line basis over the lease term.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain 2024 amounts have been reclassified to permit comparison with the 2025 consolidated financial statements presentation format.

Subsequent Events

Events occurring after the consolidated statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through December 17, 2025 which is the date the consolidated financial statements were available to be issued.

3. Unemployment Deposit

Under a special election to self-insure unemployment claims in lieu of making unemployment tax payments, GSFB was required under Maine Employment Security Law to deposit funds equal to five percent of taxable wages for the four completed calendar quarters immediately preceding the effective date of the election. A certificate of deposit in the amount of \$5,000 was deposited for this purpose and is included with certificates of deposit in the consolidated statement of financial position. Due to increases in payroll, GSFB was subsequently required to obtain a surety bond with the Maine Department of Labor through Hanover Insurance Company in the amount of \$38,000. No direct reimbursements were made to the Bureau of Unemployment for the years ended June 30, 2025 or 2024.

4. Pledges Receivable

GSFB is receiving pledges (unconditional promises to give) in support of ongoing operations. Management has recorded the pledges at fair value, which was determined to be the amount of the pledge less an allowance for uncollectible pledges and has presented them in the consolidated statements of financial position as a current asset or other asset based on when the receipt of the pledge is expected.

Pledges receivable consisted of the following amounts at June 30:

	<u>2025</u>	<u>2024</u>
Due in one year	\$ 764,077	\$ 774,956
Due in two to five years	524,511	791,241
Less net present value discount	(74,564)	(100,831)
Less allowance on pledges receivable	<u>(11,705)</u>	<u>(14,390)</u>
	<u>\$1,202,319</u>	<u>\$1,450,976</u>

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

5. Property, Plant and Equipment

Property, plant and equipment consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 455,094	\$ 455,094
Buildings and improvements	13,779,068	13,683,851
Office equipment	390,786	390,786
Warehouse equipment	5,538,303	5,066,618
Computer equipment	851,624	845,337
Vehicles	1,004,385	738,466
Construction in progress	<u>29,500</u>	<u>39,836</u>
	22,048,760	21,219,988
Less accumulated depreciation	<u>(8,690,892)</u>	<u>(7,234,625)</u>
	<u>\$13,357,868</u>	<u>\$13,985,363</u>

Based on estimated useful lives shown below, depreciation expense was as follows at June 30:

		<u>2025</u>	<u>2024</u>
Building and improvements	39 years	\$ 600,326	\$ 605,414
Office equipment	5 – 7 years	28,767	42,556
Warehouse equipment	5 – 10 years	644,525	581,550
Computer equipment	5 years	95,222	97,709
Vehicles	5 – 10 years	73,845	33,940
Land improvements	15 years	<u>13,580</u>	<u>13,337</u>
		<u>\$1,456,265</u>	<u>\$1,374,506</u>

6. Investments

GSFB investments include amounts held for future operations and endowment funds restricted for special purposes. Investments consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Cash equivalents	\$ 31,429	\$ 85,826
Corporate bonds	–	893,339
Equity securities	7,243,701	7,080,881
Exchange traded funds	1,630,549	2,177,466
Mutual funds	255,298	550,217
U.S. Treasury	<u>1,307,242</u>	<u>1,866,682</u>
Ending balance	<u>\$10,468,219</u>	<u>\$12,654,411</u>

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

7. 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). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements*, are described as follows:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable inputs for the asset or liability.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Cash equivalents: Recorded at cost, plus accrued interest, which approximates fair value

Corporate bonds: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Equity securities: The fair value of marketable equity securities are principally based on quoted market prices.

Exchange traded funds: Valued at the last sale price or official closing price on the exchange or system on which they are principally traded.

Mutual funds: Valued at their net asset value (NAV) at year end. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by GSFB are deemed to be actively traded.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

7. Fair Value Measurements (Continued)

U.S. Treasury notes: Valued at the closing price reported in the active market in which the security is traded. These investments are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Certificates of deposit: The carrying amounts reported in the consolidated statement of financial position approximate fair values because of the short maturities of those instruments.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2025</u>				
Cash equivalents	\$ 31,429	\$ —	\$ —	\$ 31,429
Equity securities	7,243,701	—	—	7,243,701
Exchange traded	1,630,549	—	—	1,630,549
Mutual funds	255,298	—	—	255,298
U.S. Treasury	—	1,307,242	—	1,307,242
Certificate of deposit	<u>—</u>	<u>816,783</u>	<u>—</u>	<u>816,783</u>
	<u>\$9,160,977</u>	<u>\$2,124,025</u>	<u>\$ —</u>	<u>\$11,285,002</u>
<u>2024</u>				
Cash equivalents	\$ 85,826	\$ —	\$ —	\$ 85,826
Corporate bonds	—	893,339	—	893,339
Equity securities	7,080,881	—	—	7,080,881
Exchange traded	2,177,466	—	—	2,177,466
Mutual funds	550,217	—	—	550,217
U.S. Treasury	—	1,866,682	—	1,866,682
Certificate of deposit	<u>—</u>	<u>787,721</u>	<u>—</u>	<u>787,721</u>
	<u>\$9,894,390</u>	<u>\$3,547,742</u>	<u>\$ —</u>	<u>\$13,442,132</u>

8. Line of Credit and Long-Term Debt

GSFB has available a line of credit with a local financial institution in the amount of \$400,000 for short-term working capital needs with interest at the Wall Street Prime Rate, 7.50% at June 30, 2025. Advances are secured by a first security interest in all business assets. As of June 30, 2025 and 2024, there was no outstanding balance on the line of credit.

HG entered into an unsecured forgivable loan in August 2023 in the amount of \$500,000. The loan will be forgiven by the lender in increments of 25% annually each August. The loan does not accrue interest unless an event of default occurs.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

9. Net Assets

The balance in net assets with donor restrictions represents assets available for future program expenses restricted by the donor and not yet expended. Net assets with donor restrictions at June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Purpose restriction:		
Cooking matters	\$ 26,540	\$ 50,979
Endowment income	76,852	70,522
Support future operations	1,288,589	1,450,976
Other restrictions	<u>150,000</u>	<u>542,874</u>
	1,541,981	2,115,351
Perpetual in nature:		
Purchase endowment	24,050	24,050
Marchetti endowment	13,125	13,125
Other endowment	<u>5,500</u>	<u>5,500</u>
	<u>42,675</u>	<u>42,675</u>
	<u>\$1,584,656</u>	<u>\$2,158,026</u>

Purchase Endowment: Amounts donated to GSFb for the purpose of purchasing resale products to help provide balanced nutrition to the hungry. The assets are permanently set aside with the income to be used for these purposes.

Marchetti Endowment: This fund was established for the purpose of providing the agency with interest income to be used at the Board's discretion. The principal corpus is to remain intact.

Other Endowments: These funds were established for the purpose of providing the agency with interest income to be used at the Board's discretion. The principal corpus is to remain intact.

The changes in GSFb's endowment funds by net asset category for the years ended June 30, 2025 and 2024 are as follows:

	<u>Board Restricted</u>	<u>Purpose Restriction</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Changes in endowment net assets:				
Endowment net assets, July 1, 2023	\$ 8,383,843	\$57,012	\$42,675	\$ 8,483,530
Net appreciation	1,117,914	13,510	–	1,131,424
Contributions	<u>1,049,210</u>	<u>–</u>	<u>–</u>	<u>1,049,210</u>
Endowment net assets, June 30, 2024	10,550,967	70,522	42,675	10,664,164
Net appreciation	1,900,742	6,330	–	1,907,072
Expenditures	<u>(2,103,017)</u>	<u>–</u>	<u>–</u>	<u>(2,103,017)</u>
Endowment net assets, June 30, 2025	<u>\$10,348,692</u>	<u>\$76,852</u>	<u>\$42,675</u>	<u>\$10,468,219</u>

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

10. Retirement Plan

GSFB sponsors a 403(b) retirement plan whereby participating employees may contribute up to the maximum allowed by the Internal Revenue Service. Effective January 1, 2021, GSFB matches 100% of employee retirement contributions up to 6% of the employee's salary. Total matching contributions by GSFB for the years ended June 30, 2025 and 2024 were \$360,618 and \$385,329, respectively.

11. Operating Leases

GSFB utilizes operating leases for the use of certain office space, vehicles and trailers. The components of lease assets and liabilities are as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Assets:		
Right-of-use assets	\$ <u>829,268</u>	\$ <u>1,053,558</u>
Liabilities:		
Lease liabilities	\$ <u>829,268</u>	\$ <u>1,053,558</u>

The components of lease cost and rent expense are as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ <u>294,544</u>	\$ <u>333,216</u>

Lease term and discount rate are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term in years	4.39	5.27
Weighted-average discount rate	4.10%	4.28%

Future minimum operating lease payments under operating obligations at June 30, 2025 are as follows:

2026	\$261,669
2027	196,796
2028	151,873
2029	133,668
2030	110,154
Thereafter	<u>17,941</u>
Total lease payments	872,101
Less imputed interest	<u>(42,833)</u>
Total lease payments	\$ <u>829,268</u>

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

12. Liquidity and Availability

Financial assets available for general expenditure within one year of the consolidated statement of financial position date consist of the following at June 30, 2025:

Cash and cash equivalents	\$6,204,496
Certificates of deposit	816,783
Pledges receivable, current portion	764,077
Accounts receivable	<u>787,207</u>
	<u>\$8,572,563</u>

To manage liquidity, GSFB maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. By policy, GSFB maintains unrestricted cash and cash equivalents in the range of three to six months of total expenses, excluding those expenses supported by restricted funds, and excluding the value of donated product distributed, including required minimum payments on long-term debt, as determined by the board-approved budget for the current fiscal year.

GSFB also has certain board designated assets, which are available for general expenditure within one year in the normal course of operations. However, it is GSFB's policy to only expend a maximum of 4% of these assets in any given year. Accordingly, these assets have been excluded from the quantitative information above. GSFB has other assets whose use is limited for donor restricted purposes. These assets are fully described in Note 9. In addition, GSFB maintains a line of credit in the amount of \$400,000 (see Note 8).

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

	<u>Good Shepherd Food Bank</u>	<u>Harvesting Good</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents - unrestricted	\$ 5,734,415	\$ 470,081	\$ –	\$ 6,204,496
Cash and cash equivalents - donor restricted	150,000	–	–	150,000
Certificates of deposit	816,783	–	–	816,783
Pledges receivable, current portion	764,077	–	–	764,077
Accounts receivable – agency/customer fees (net of allowance)	475,519	4,020	–	479,539
Accounts receivable – USDA	286,693	–	–	286,693
Accounts receivable – other	20,975	–	–	20,975
Inventory – purchased product	684,353	1,522,306	–	2,206,659
Inventory – donated product	2,562,901	–	–	2,562,901
Inventory – USDA commodities	3,215,537	–	–	3,215,537
Prepaid expenses	334,625	–	–	334,625
Due from related parties	<u>794,919</u>	<u>–</u>	<u>(794,919)</u>	<u>–</u>
Total current assets	15,840,797	1,996,407	(794,919)	17,042,285
Property, plant and equipment, net	8,726,282	4,631,586	–	13,357,868
Loans receivable	2,550,000	–	(2,550,000)	–
Other assets:				
Other assets	52,776	–	–	52,776
Investment in subsidiary	5,892,453	–	(5,892,453)	–
Pledges receivable, net of current portion	438,242	–	–	438,242
Investments	119,527	–	–	119,527
Investments – board designated	10,348,692	–	–	10,348,692
Right-of-use assets	829,268	–	–	829,268
Total other assets	<u>17,680,958</u>	<u>–</u>	<u>(5,892,453)</u>	<u>11,788,505</u>
Total assets	<u>\$44,798,037</u>	<u>\$6,627,993</u>	<u>\$(9,237,372)</u>	<u>\$42,188,658</u>

LIABILITIES AND NET ASSETS/EQUITY

	Good Shepherd Food Bank	Harvesting Good	Eliminations	Total
Current liabilities:				
Accounts payable	\$ 460,442	\$ 3,519	\$ –	\$ 463,961
Agency designations payable	191,651	–	–	191,651
Accrued expenses	157,709	8,871	–	166,580
Accrued salaries and wages	275,002	–	–	275,002
Accrued compensated absences	371,679	–	–	371,679
Current portion of operating lease liability	261,696	–	–	261,696
Current portion of forgivable long-term debt	–	125,000	–	125,000
Current portion of debt from related party	–	1,112,500	(1,112,500)	–
Due to related parties	–	794,919	(794,919)	–
Total current liabilities	1,718,179	2,044,809	(1,907,419)	1,855,569
Long-term liabilities:				
Forgivable long-term debt, less current portion	–	250,000	–	250,000
Long-term debt, less current portion	–	1,437,500	(1,437,500)	–
Operating lease liability	567,572	–	–	567,572
Total long-term liabilities	567,572	1,687,500	(1,437,500)	817,572
Total liabilities	2,285,751	3,732,309	(3,344,919)	2,673,141
Net assets/equity:				
Without donor restrictions				
Board designated – endowment	10,348,692	–	–	10,348,692
Operations	30,578,938	–	(3,980,769)	26,598,169
Noncontrolling interest in subsidiary – preferred stock	–	984,000	–	984,000
Retained earnings	–	1,911,684	(1,911,684)	–
Total without donor restrictions	40,927,630	2,895,684	(5,892,453)	37,930,861
With donor restrictions	1,584,656	–	–	1,584,656
Total net assets/equity	42,512,286	2,895,684	(5,892,453)	39,515,517
Total liabilities and net assets/equity	\$44,798,037	\$6,627,993	\$(9,237,372)	\$42,188,658

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	<u>Good Shepherd Food Bank</u>		<u>Harvesting Good</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	<u>Total</u>
Revenues, gains and other support:					
Donated product	\$ 80,806,808	\$ –	\$ –	\$ –	\$ 80,806,808
Contributions	11,882,952	585,044	–	–	12,467,996
Product and program income	4,595,155	–	505,354	(29,184)	5,071,325
Grants	757,129	1,015,855	76,095	–	1,849,079
USDA	2,454,877	–	–	–	2,454,877
Government support revenue	285,073	1,246,290	125,000	–	1,656,363
Special events	33,039	–	–	–	33,039
In-kind contributions	136,040	–	–	–	136,040
Other revenue	15,167	–	–	–	15,167
Investment return	603,612	–	–	–	603,612
Interest and dividends	477,799	–	16,857	(111,518)	383,138
Service revenue	34,603	–	–	(34,603)	–
Net assets released from restrictions	<u>3,420,559</u>	<u>(3,420,559)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Revenues, gains and other support	<u>105,502,813</u>	<u>(573,370)</u>	<u>723,306</u>	<u>(175,305)</u>	<u>105,477,444</u>
Expenses:					
Program services:					
Product distribution	100,843,665	–	–	(34,603)	100,809,062
Root cause solutions	1,980,099	–	2,512,656	(29,184)	4,463,571
Supporting services:					
General and administrative	2,059,827	–	–	(111,518)	1,948,309
Fundraising	<u>2,865,950</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,865,950</u>
Total expenses	<u>107,749,541</u>	<u>–</u>	<u>2,512,656</u>	<u>(175,305)</u>	<u>110,086,892</u>
Change in net assets/equity	(2,246,728)	(573,370)	(1,789,350)	–	(4,609,448)
Proceeds from the issuance of Series A Preferred Stock	–	–	1,083,500	(99,500)	984,000
Net assets/equity at beginning of year	<u>43,174,358</u>	<u>2,158,026</u>	<u>3,601,534</u>	<u>(5,792,953)</u>	<u>43,140,965</u>
Net assets/equity at end of year	\$ <u>40,927,630</u>	\$ <u>1,584,656</u>	\$ <u>2,895,684</u>	\$ <u>(5,892,453)</u>	\$ <u>39,515,517</u>

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

SCHEDULES OF FINANCIAL POSITION
(Excluding the Effects of Donated Product Activity and Harvesting Good)

June 30, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$ 5,734,415	\$ 3,540,430
Cash and cash equivalents - donor restricted	150,000	542,874
Certificates of deposit	816,783	787,721
Pledges receivable, current portion	764,077	774,956
Accounts receivable – agency/customer fees (net of allowance)	475,519	425,466
Accounts receivable – USDA	286,693	781,173
Accounts receivable – other	20,975	329,605
Inventory – purchased product	684,353	1,674,754
Prepaid expenses	334,625	481,597
Due from related parties	<u>794,919</u>	<u>622,045</u>
Total current assets	10,062,359	9,960,621
Property, plant and equipment, net	8,726,282	8,877,636
Loans receivable	2,550,000	1,800,000
Other assets:		
Other assets	52,776	54,035
Investment in subsidiary	5,892,453	5,792,953
Pledges receivable, net of current portion	438,242	676,020
Investments	119,527	2,564,560
Investments – board designated	10,348,692	10,089,851
Right-of-use asset	<u>829,268</u>	<u>1,053,558</u>
Total other assets	<u>17,680,958</u>	<u>20,230,977</u>
Total assets	<u>\$39,019,599</u>	<u>\$40,869,234</u>

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
Current liabilities:		
Accounts payable	\$ 460,442	\$ 918,196
Agency designations payable	191,651	134,255
Accrued expenses	157,709	42,684
Accrued salaries and wages	275,002	322,772
Accrued compensated absences	371,679	409,577
Current portion of lease liability	<u>261,696</u>	<u>310,659</u>
Total current liabilities	1,718,179	2,138,143
Long-term liabilities:		
Lease liability, net of current portion	<u>567,572</u>	<u>742,899</u>
Total liabilities	2,285,751	2,881,042
Net assets:		
Without donor restriction	35,149,192	35,830,166
With donor restrictions	<u>1,584,656</u>	<u>2,158,026</u>
Total net assets	<u>36,733,848</u>	<u>37,988,192</u>
Total liabilities and net assets	<u>\$39,019,599</u>	<u>\$40,869,234</u>

The selected financial information excludes certain activities, which are not intended to be in accordance with accounting principles generally accepted in the United States of America. The excluded activities have no impact on cash management.

GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

SCHEDULES OF ACTIVITIES
(Excluding the Effects of Donated Product Activity and Harvesting Good)

Years Ended June 30, 2025 and 2024

	2025			2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support:						
Contributions	\$ 11,882,952	\$ 585,044	\$ 12,467,996	\$ 11,673,276	\$ 1,072,305	\$ 12,745,581
Product and program income	4,595,155	–	4,595,155	4,599,996	–	4,599,996
Grants	757,129	1,015,855	1,772,984	1,051,157	1,431,599	2,482,756
USDA	2,454,877	–	2,454,877	1,640,879	–	1,640,879
Government support revenue	285,073	1,246,290	1,531,363	167,482	1,096,124	1,263,606
Special events	33,039	–	33,039	33,475	–	33,475
In-kind contributions	136,040	–	136,040	207,618	–	207,618
Other revenue	15,167	–	15,167	12,586	–	12,586
Investment return	603,612	–	603,612	961,546	–	961,546
Interest and dividends	477,799	–	477,799	662,768	–	662,768
Service revenue	34,603	–	34,603	57,168	–	57,168
Gain on sale of property and equipment	–	–	–	6,500	–	6,500
Net assets released from restrictions	<u>3,420,559</u>	<u>(3,420,559)</u>	<u>–</u>	<u>4,736,853</u>	<u>(4,736,853)</u>	<u>–</u>
Revenues, gains and other support	24,696,005	(573,370)	24,122,635	25,811,304	(1,136,825)	24,674,479
Expenses:						
Program services:						
Product distribution	18,408,311	–	18,408,311	20,168,090	–	20,168,090
Root cause solutions	2,154,410	–	2,154,410	2,603,979	–	2,603,979
Supporting services:						
General and administrative	1,948,308	–	1,948,308	2,022,277	–	2,022,277
Fundraising	<u>2,865,950</u>	<u>–</u>	<u>2,865,950</u>	<u>3,204,826</u>	<u>–</u>	<u>3,204,826</u>
Total expenses	<u>25,376,979</u>	<u>–</u>	<u>25,376,979</u>	<u>27,999,172</u>	<u>–</u>	<u>27,999,172</u>
Change in net assets	(680,974)	(573,370)	(1,254,344)	(2,187,868)	(1,136,825)	(3,324,693)
Net assets at beginning of year	<u>35,830,166</u>	<u>2,158,026</u>	<u>37,988,192</u>	<u>38,018,034</u>	<u>3,294,851</u>	<u>41,312,885</u>
Net assets at end of year	<u>\$ 35,149,192</u>	<u>\$ 1,584,656</u>	<u>\$ 36,733,848</u>	<u>\$ 35,830,166</u>	<u>\$ 2,158,026</u>	<u>\$ 37,988,192</u>

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GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

SCHEDULES OF FUNCTIONAL EXPENSES
(Excluding the Effects of Donated Product Activity and Harvesting Good)

Years Ended June 30, 2025 and 2024

	2025				
	Program Services		Support Services		Total
	Product Distribution	Root Cause Solutions	General and Administrative	Fundraising	
Expenses:					
Product purchased	\$ 9,375,214	\$ 24	\$ –	\$ –	\$ 9,375,238
Program food and supply costs	86,834	589,119	209	17	676,179
Direct agency support	1,079,905	267,430	–	3,952	1,351,287
Gift card expense	13,350	68,940	–	–	82,290
Salaries	4,102,062	853,708	1,026,486	1,001,637	6,983,893
Salaries – in-kind	86,064	12,530	17,112	20,334	136,040
Employee benefits	826,234	148,619	254,219	221,870	1,450,942
Payroll taxes employer expense	313,700	66,685	86,811	74,940	542,136
Workers' compensation insurance	72,412	1,460	2,401	1,817	78,090
Contracted services	65,287	2,345	251,904	285,051	604,587
Professional fees	–	47,150	35,277	–	82,427
Direct mail printing and processing	–	–	–	991,425	991,425
Special events	57	–	581	9,260	9,898
Advertising, publicity and fundraising supplies	–	3,500	21,679	16,858	42,037
Vehicle expense	594,059	525	–	189	594,773
Postage	99	462	7,898	7,222	15,681
Utilities	239,325	–	–	–	239,325
Building maintenance	213,938	–	–	–	213,938
Warehouse supplies, equipment and maintenance	137,627	–	760	–	138,387
Occupancy – other rental	12,313	21,038	6,431	22,510	62,292
Telephone and communications	74,588	10,343	14,831	17,623	117,385
Computer supplies	343,621	–	72,591	86,258	502,470
Trash removal	55,878	–	–	–	55,878
Travel, conferences and meetings	95,215	13,449	27,753	19,551	155,968
Liability and vehicle insurance	80,087	6,281	11,018	9,965	107,351
Office supplies and expense	26,938	–	2,525	5,512	34,975
Feeding America fees	–	–	27,859	–	27,859
Miscellaneous	8,727	1,897	26,828	6,820	44,272
Total expenses before depreciation	<u>17,903,534</u>	<u>2,115,505</u>	<u>1,895,173</u>	<u>2,802,811</u>	<u>24,717,023</u>
Depreciation	<u>504,777</u>	<u>38,905</u>	<u>53,135</u>	<u>63,139</u>	<u>659,956</u>
Total expenses	<u>\$ 18,408,311</u>	<u>\$ 2,154,410</u>	<u>\$ 1,948,308</u>	<u>\$ 2,865,950</u>	<u>\$ 25,376,979</u>

	2024				
	Program Services		Support Services		
	Product Distribution	Root Cause Solutions	General and Administrative	Fundraising	Total
Expenses:					
Product purchased	\$ 10,281,098	\$ 2,479	\$ –	\$ –	\$ 10,283,577
Program food and supply costs	98,387	390,412	–	–	488,799
Direct agency support	1,551,283	665,224	–	–	2,216,507
Gift card expense	52,670	75,520	–	–	128,190
Salaries	4,338,950	955,805	1,029,289	1,226,453	7,550,497
Salaries – in-kind	129,991	25,080	23,793	28,754	207,618
Employee benefits	857,544	169,018	198,115	233,124	1,457,801
Payroll taxes employer expense	321,344	71,979	74,512	88,429	556,264
Workers' compensation insurance	101,210	2,127	3,513	3,083	109,933
Contracted services	47,413	31,173	330,006	382,578	791,170
Professional fees	–	–	61,889	–	61,889
Direct mail printing and processing	–	–	–	946,851	946,851
Special events	–	–	–	8,599	8,599
Advertising, publicity and fundraising supplies	–	–	43,756	37,094	80,850
Vehicle expense	606,567	–	–	–	606,567
Postage	117	1,389	7,818	9,487	18,811
Utilities	206,193	–	–	–	206,193
Building maintenance	205,177	–	–	–	205,177
Warehouse supplies, equipment and maintenance	117,406	–	–	–	117,406
Occupancy – other rental	7,492	30,669	7,667	26,835	72,663
Telephone and communications	86,831	15,563	15,893	19,207	137,494
Computer supplies	367,385	56,284	67,246	81,266	572,181
Trash removal	62,616	–	–	–	62,616
Travel, conferences and meetings	128,960	44,529	40,791	26,182	240,462
Liability and vehicle insurance	69,776	4,258	13,702	8,663	96,399
Office supplies and expense	33,000	4,254	3,336	5,140	45,730
Feeding America fees	–	–	17,448	–	17,448
Miscellaneous	32,856	2,442	30,590	9,135	75,023
Total expenses before depreciation	<u>19,704,266</u>	<u>2,548,205</u>	<u>1,969,364</u>	<u>3,140,880</u>	<u>27,362,715</u>
Depreciation	<u>463,824</u>	<u>55,774</u>	<u>52,913</u>	<u>63,946</u>	<u>636,457</u>
Total expenses	<u>\$ 20,168,090</u>	<u>\$ 2,603,979</u>	<u>\$ 2,022,277</u>	<u>\$ 3,204,826</u>	<u>\$ 27,999,172</u>

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