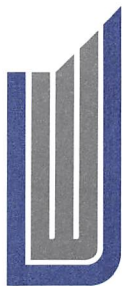




**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2025 AND 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
West Chester Food Cupboard  
West Chester, Pennsylvania

### Opinion

We have audited the accompanying financial statements of West Chester Food Cupboard (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Chester Food Cupboard as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 West Chester Food Cupboard and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Chester Food Cupboard's ability to continue as a going concern within one year after the date that the 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Chester Food Cupboard'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 West Chester Food Cupboard'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.

*Umbreit, Wilczuk & Associates, P.C.*

Kennett Square, Pennsylvania  
October 14, 2025

# WEST CHESTER FOOD CUPBOARD

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2025 AND 2024

| ASSETS                                              |                     |                     |
|-----------------------------------------------------|---------------------|---------------------|
|                                                     | 2025                | 2024                |
| <b>CURRENT ASSETS</b>                               |                     |                     |
| Cash and cash equivalents                           | \$ 873,580          | \$ 846,715          |
| Promises to give                                    | 50,000              | 75,000              |
| Gift cards                                          | 49,390              | 60,528              |
| Prepays                                             | 23,830              | 23,273              |
| <b>TOTAL CURRENT ASSETS</b>                         | <b>996,800</b>      | <b>1,005,516</b>    |
| Inventory                                           | 364,373             | 331,655             |
| Investments                                         | 1,812,618           | 1,560,106           |
| Property and equipment, net                         | 193,885             | 226,163             |
| Operating lease right-of-use assets                 | 412,637             | 535,519             |
| Security deposit                                    | 4,875               | 4,875               |
| <b>TOTAL ASSETS</b>                                 | <b>\$ 3,785,188</b> | <b>\$ 3,663,834</b> |
| <b>LIABILITIES AND NET ASSETS</b>                   |                     |                     |
| <b>CURRENT LIABILITIES</b>                          |                     |                     |
| Accounts payable                                    | \$ 30,552           | \$ 30,650           |
| Refundable advance, current portion                 | 10,000              | 10,000              |
| Operating lease liabilities, current portion        | 127,485             | 118,272             |
| <b>TOTAL CURRENT LIABILITIES</b>                    | <b>168,037</b>      | <b>158,922</b>      |
| Refundable advance, net of current portion          | -                   | 10,000              |
| Operating lease liabilities, net of current portion | 297,376             | 424,861             |
| <b>TOTAL LIABILITIES</b>                            | <b>465,413</b>      | <b>593,783</b>      |
| <b>NET ASSETS</b>                                   |                     |                     |
| Without donor restrictions                          |                     |                     |
| Operations                                          | 1,919,775           | 1,745,051           |
| Board designated reserve                            | 1,250,000           | 1,250,000           |
| Total without donor restrictions                    | 3,169,775           | 2,995,051           |
| With donor restrictions                             | 150,000             | 75,000              |
| <b>TOTAL NET ASSETS</b>                             | <b>3,319,775</b>    | <b>3,070,051</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>             | <b>\$ 3,785,188</b> | <b>\$ 3,663,834</b> |

See Independent Auditor's Report and Notes to Financial Statements

# WEST CHESTER FOOD CUPBOARD

## STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|---------------------------------------|-------------------------------|----------------------------|--------------|
| <b>SUPPORT AND REVENUE</b>            |                               |                            |              |
| Contributions                         | \$ 1,249,544                  | \$ -                       | \$ 1,249,544 |
| In-kind contributions                 | 2,648,609                     | -                          | 2,648,609    |
| Grants                                | 323,282                       | 250,000                    | 573,282      |
| Investment income, net                | 95,019                        | -                          | 95,019       |
| Net assets released from restrictions | 175,000                       | (175,000)                  | -            |
| <b>TOTAL SUPPORT AND REVENUE</b>      | 4,491,454                     | 75,000                     | 4,566,454    |
| <b>EXPENSES</b>                       |                               |                            |              |
| Program services                      | 4,271,059                     | -                          | 4,271,059    |
| Management and general                | 19,997                        | -                          | 19,997       |
| Fundraising                           | 25,674                        | -                          | 25,674       |
| <b>TOTAL EXPENSES</b>                 | 4,316,730                     | -                          | 4,316,730    |
| <b>CHANGE IN NET ASSETS</b>           | 174,724                       | 75,000                     | 249,724      |
| <b>NET ASSETS - BEGINNING OF YEAR</b> | 2,995,051                     | 75,000                     | 3,070,051    |
| <b>NET ASSETS - END OF YEAR</b>       | \$ 3,169,775                  | \$ 150,000                 | \$ 3,319,775 |

See Independent Auditor's Report and Notes to Financial Statements

# WEST CHESTER FOOD CUPBOARD

## STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|---------------------------------------|-------------------------------|----------------------------|--------------|
| <b>SUPPORT AND REVENUE</b>            |                               |                            |              |
| Contributions                         | \$ 1,060,343                  | \$ -                       | \$ 1,060,343 |
| In-kind contributions                 | 2,259,018                     | -                          | 2,259,018    |
| Grants                                | 318,266                       | 75,000                     | 393,266      |
| Investment income, net                | 86,199                        | -                          | 86,199       |
| Net assets released from restrictions | 56,642                        | (56,642)                   | -            |
| <b>TOTAL SUPPORT AND REVENUE</b>      | 3,780,468                     | 18,358                     | 3,798,826    |
| <b>EXPENSES</b>                       |                               |                            |              |
| Program services                      | 3,384,801                     | -                          | 3,384,801    |
| Management and general                | 19,759                        | -                          | 19,759       |
| Fundraising                           | 21,059                        | -                          | 21,059       |
| <b>TOTAL EXPENSES</b>                 | 3,425,619                     | -                          | 3,425,619    |
| <b>CHANGE IN NET ASSETS</b>           | 354,849                       | 18,358                     | 373,207      |
| <b>NET ASSETS - BEGINNING OF YEAR</b> | 2,640,202                     | 56,642                     | 2,696,844    |
| <b>NET ASSETS - END OF YEAR</b>       | \$ 2,995,051                  | \$ 75,000                  | \$ 3,070,051 |

See Independent Auditor's Report and Notes to Financial Statements

# WEST CHESTER FOOD CUPBOARD

## STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

|                                  | Program             | Management<br>and General | Fundraising      | Total               |
|----------------------------------|---------------------|---------------------------|------------------|---------------------|
| <b>EXPENSES</b>                  |                     |                           |                  |                     |
| Accounting                       | \$ -                | \$ 6,700                  | \$ -             | \$ 6,700            |
| Advertising                      | 17,845              | -                         | 17,845           | 35,690              |
| Depreciation                     | 32,278              | -                         | -                | 32,278              |
| Donated food                     | 2,644,609           | -                         | -                | 2,644,609           |
| Purchased food and food supplies | 1,342,938           | -                         | -                | 1,342,938           |
| Insurance                        | 5,632               | 1,394                     | -                | 7,026               |
| Lease expense                    | 143,234             | -                         | -                | 143,234             |
| Office expense                   | -                   | 11,903                    | -                | 11,903              |
| Postage                          | -                   | -                         | 5,744            | 5,744               |
| Printing supplies                | -                   | -                         | 2,085            | 2,085               |
| Repairs                          | 32,235              | -                         | -                | 32,235              |
| Supplies                         | 8,541               | -                         | -                | 8,541               |
| Tax and licenses                 | 405                 | -                         | -                | 405                 |
| Telephone                        | 4,735               | -                         | -                | 4,735               |
| Utilities                        | 38,607              | -                         | -                | 38,607              |
| <b>TOTAL EXPENSES</b>            | <u>\$ 4,271,059</u> | <u>\$ 19,997</u>          | <u>\$ 25,674</u> | <u>\$ 4,316,730</u> |

# WEST CHESTER FOOD CUPBOARD

## STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

|                                  | Program             | Management<br>and General | Fundraising      | Total               |
|----------------------------------|---------------------|---------------------------|------------------|---------------------|
| <b>EXPENSES</b>                  |                     |                           |                  |                     |
| Accounting                       | \$ -                | \$ 6,100                  | \$ -             | \$ 6,100            |
| Advertising                      | 5,501               | -                         | 5,502            | 11,003              |
| Depreciation                     | 31,738              | -                         | -                | 31,738              |
| Donated food                     | 2,259,018           | -                         | -                | 2,259,018           |
| Purchased food and food supplies | 855,207             | -                         | -                | 855,207             |
| Insurance                        | 16,697              | 1,394                     | -                | 18,091              |
| Lease expense                    | 131,298             | -                         | -                | 131,298             |
| Office expense                   | 661                 | 9,073                     | -                | 9,734               |
| Postage                          | -                   | -                         | 5,979            | 5,979               |
| Printing supplies                | -                   | 3,192                     | 9,578            | 12,770              |
| Repairs                          | 33,845              | -                         | -                | 33,845              |
| Supplies                         | 11,117              | -                         | -                | 11,117              |
| Tax and licenses                 | 253                 | -                         | -                | 253                 |
| Telephone                        | 3,257               | -                         | -                | 3,257               |
| Utilities                        | 36,209              | -                         | -                | 36,209              |
| <b>TOTAL EXPENSES</b>            | <u>\$ 3,384,801</u> | <u>\$ 19,759</u>          | <u>\$ 21,059</u> | <u>\$ 3,425,619</u> |

# WEST CHESTER FOOD CUPBOARD

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

|                                                                                                | <u>2025</u>              | <u>2024</u>              |
|------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                                     |                          |                          |
| Changes in net assets                                                                          | \$ 249,724               | \$ 373,207               |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                          |                          |
| Depreciation                                                                                   | 32,278                   | 31,738                   |
| Net realized and unrealized (gain) loss on investments                                         | (26,372)                 | (17,149)                 |
| Donations of marketable securities                                                             | (29,419)                 | (48,690)                 |
| Noncash operating lease expense                                                                | 122,882                  | 108,482                  |
| (Increase) decrease in operating assets:                                                       |                          |                          |
| Grants receivable                                                                              | -                        | 100,000                  |
| Promises to give                                                                               | 25,000                   | (75,000)                 |
| Gift cards                                                                                     | 11,138                   | (12,443)                 |
| Prepays                                                                                        | (557)                    | (18,101)                 |
| Inventory                                                                                      | (32,718)                 | (163,972)                |
| Increase (decrease) in operating liabilities:                                                  |                          |                          |
| Accounts payable                                                                               | (98)                     | 22,112                   |
| Refundable advance                                                                             | (10,000)                 | 20,000                   |
| Operating lease liability                                                                      | (118,272)                | (100,868)                |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                               | <u>223,586</u>           | <u>219,316</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                    |                          |                          |
| Purchases of equipment                                                                         | -                        | (68,164)                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                    |                          |                          |
| Purchases of investments                                                                       | (720,781)                | (713,439)                |
| Proceeds from maturities of CDs                                                                | 493,000                  | 239,000                  |
| Proceeds from sale of investments                                                              | 31,060                   | 50,522                   |
| <b>NET CASH FLOWS USED BY FINANCING ACTIVITIES</b>                                             | <u>(196,721)</u>         | <u>(423,917)</u>         |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                    | 26,865                   | (272,765)                |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>                                           | <u>846,715</u>           | <u>1,119,480</u>         |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                                                 | <u><u>\$ 873,580</u></u> | <u><u>\$ 846,715</u></u> |

See Independent Auditor's Report and Notes to Financial Statements

## WEST CHESTER FOOD CUPBOARD

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

#### NOTE 1 - NATURE OF ORGANIZATION AND PROGRAM SERVICES

West Chester Food Cupboard (the Organization) is a Pennsylvania nonprofit organization that provides food to needy families in the local community. The West Chester Food Cupboard is one of the largest hunger relief agencies in Chester County. The Organization is the primary source of food assistance for low-income residents living in and around the West Chester Area School District. The Organization is a 100% volunteer-run organization with no paid staff.

The food is provided free of charge on a monthly basis. For the year ended June 30, 2025, the Organization distributed 2,200,000 lbs. of food to approximately 8,400 people. For the year ended June 30, 2024, the Organization distributed 1,792,000 lbs. of food to approximately 6,200 people. The Organization receives cash and non-cash contributions and grants from local organizations, governments and individuals.

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### Financial Statement Presentation

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-10-65-1, the Organization is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

##### Net Assets with Donor Restrictions

Net assets with donor restrictions is the part of net assets of the Organization that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**WEST CHESTER FOOD CUPBOARD****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024****NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**Net Assets with Donor Restrictions (Cont'd)

Contributions restricted by donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the reporting period in which the contribution is recognized.

Net Assets without Donor Restrictions

Net assets without donor restrictions is the part of net assets of the Organization that is not subject to donor-imposed restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Promises to Give

Unconditional promises to give are recorded at estimated fair market value at the date in which notification of such promise is received. Unconditional promises to give expected to be collected in less than one year are recorded at their net realizable value. Unconditional promises to give due in more than one year are recorded at the present value of estimated future cash flows using a risk-free rate of return on the date of donation. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Provision for losses on promises to give is made when considered necessary to maintain an adequate allowance to cover bad debts. Promises to give are charged against the allowance when the Organization determines that payments will not be received. As of June 30, 2025 and 2024, the Organization estimates that all of its promises to give are collectible; accordingly, there is no provision for an allowance for doubtful accounts.

Inventory

Inventory consists of food received from various government agencies, public donations, and direct purchases. Inventory at June 30, 2025 and 2024 was valued at \$1.97 and \$1.93 per pound, respectively, based on a study performed by Feeding America.

Investments

As required by the Investment Topic of the FASB ASC, the Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position.

## WEST CHESTER FOOD CUPBOARD

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### Investments (Cont'd)

Unrealized gains and losses are included in the change in net assets in the statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

##### Property and Equipment

Property and equipment are stated at cost. Acquisitions in excess of \$3,000 are capitalized. Donations of property and equipment are recorded as support at their estimated fair value at the time of donation. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

|                                     |             |
|-------------------------------------|-------------|
| Buildings and building improvements | 30-39 years |
| Equipment and fixtures              | 3-7 years   |

##### Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grant revenues are recognized when received or when spent, whichever occurs first. Contributions are recorded at fair value, which is net of estimated uncollectible amounts. Revenue from fundraising events and other functions is recognized as earned having applicable costs concurrently recognized. Investment income is recognized as earned.

The Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service to the customer. The Organization has no principal activities resulting in contracts with customers.

##### In-kind Contributions

Donated equipment and other goods are recorded at their estimated fair value as of the date of the donation.

Donated food was valued at \$1.97 and \$1.93 per pound, respectively, for the years ended June 30, 2025 and 2024. This valuation is based on a study performed by Feeding America. Food is donated by local organizations, local governments, and the general public. Contributed food is recorded at the Feeding America valuation as income when received, which approximates the contributed value. Approximately 86% and 91% of donated food for the years ended June 30, 2025 and 2024 was valued using this method. The remaining portion of donated food was received from Chester County Food Bank with an assigned value, which was used for recording in the financial statements.

**WEST CHESTER FOOD CUPBOARD****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**In-kind Contributions (Cont'd)

Accounting standards require that only contributed services that (1) create or enforce long-lived assets, or (2) require specialized skills provided by individuals possessing skills that would typically need to be purchased if not donated, must be recorded. During years ended June 30, 2025 and 2024, there were contributed services requiring a specialized skill but not recorded in the statements of activities because the Organization believes they would not have purchased these services and therefore that criteria for recognition has not been satisfied.

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization. These volunteer services have not met the criteria for recognition and are not recorded.

Advertising

Advertising costs are expensed when incurred. Advertising costs were \$35,690 and \$11,003, respectively, for the years ended June 30, 2025 and 2024.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the lease payments over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Allocation of Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services. Program costs include distributed donated food, food supplies and handling, as well as utilities, and rent expenses to provide a support network for those families in need of food services. Fundraising expenses are costs related to campaigns, development, grant writing and other fundraising efforts. Management and general expenses are costs directly related to the overall operation of the Organization, which are not associated with program or fundraising services.

## WEST CHESTER FOOD CUPBOARD

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### Use of Estimates

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

##### Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a).

##### Date of Management Approval

The Organization has evaluated those events and transactions that occurred after the statement of financial position date of June 30, 2025 through October 14, 2025, the date the financial statements were available to be issued and determined there were no other items to be disclosed.

#### NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures such as operating expenses were as follows:

|                                                  | 2025              | 2024              |
|--------------------------------------------------|-------------------|-------------------|
| Financial assets:                                |                   |                   |
| Cash and cash equivalents                        | \$ 873,580        | \$ 846,715        |
| Promises to give                                 | 50,000            | 75,000            |
| Gift cards on hand                               | 49,390            | 60,528            |
| Less: donor restricted financial assets          | (150,000)         | (10,000)          |
| Total financial assets available within one year | <u>\$ 822,970</u> | <u>\$ 972,243</u> |

At June 30, 2025 and 2024, the Organization had \$822,970 and \$972,243, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. As part of the Organization's liquidity management, it has a goal to maintain cash on hand to meet six months of normal operating cash expenses, which are on average approximately \$830,000.

## WEST CHESTER FOOD CUPBOARD

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

#### NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Cont'd)

With the volatility of in-kind food donations experienced, the Organization may need to spend additional amounts to secure needed food. This could drive the six month average of expenses to approximately \$2,158,000. The board monitors the reserve cash account and operations to determine when a shift in food distribution, such as discontinuing a particular food product, is needed based on cash flow. The board evaluates, at least annually, any additional investment or designated reserve options for excess liquidity, based on expected operations.

#### NOTE 4 - CONCENTRATIONS

The Organization maintains cash balances at one local bank, which is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the amount on deposit exceeds the insured limit. Uninsured balances were \$369,280 and \$468,197 respectively, at June 30, 2025 and 2024.

The Organization is dependent upon donations from individuals within the same geographic area.

The Organization received donations from two donors that represented 20.96% of total revenues for the year ended June 30, 2025. The two donors were the Chester County Food Bank and Giant food stores and the majority of the donations were in-kind food donations. The Chester County Food Bank donated food with a value of \$366,458 and gift cards with a value of \$4,000. Giant donated food with a value of \$542,686 plus cash donations of \$51,781. The Organization received donations from two donors that represented 28.73% of total revenues for the year ended June 30, 2024. The two donors were the Chester County Food Bank and Giant food stores and the majority of the donations were in kind food donations. The Chester County Food Bank donated food with a value of \$472,781 and made no cash donations. Giant donated food with a value of \$549,701 plus cash donations of \$68,086.

#### NOTE 5 – PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2025 and 2024:

|                                         | 2025      | 2024      |
|-----------------------------------------|-----------|-----------|
| Gross amounts due in less than one year | \$ 50,000 | \$ 75,000 |

## WEST CHESTER FOOD CUPBOARD

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

#### NOTE 6 – INVESTMENTS

Investments in marketable securities and beneficial interest in perpetual trust stated at fair value consisted of the following at June 30, 2025 and 2024:

|                                        | 2025                | 2024                |
|----------------------------------------|---------------------|---------------------|
| Certificates of deposit                | \$ 1,490,946        | \$ 1,448,270        |
| Fixed income                           | 195,808             | -                   |
| Beneficial interest in perpetual trust | 125,864             | 111,836             |
|                                        | <u>\$ 1,812,618</u> | <u>\$ 1,560,106</u> |

The following summarizes investment income for the years ended June 30, 2025 and 2024:

|                                   | 2025             | 2024             |
|-----------------------------------|------------------|------------------|
| <b>WITHOUT DONOR RESTRICTIONS</b> |                  |                  |
| Interest and dividends            | \$ 68,831        | \$ 69,341        |
| Net realized gain (loss)          | 7,561            | 3,684            |
| Net unrealized gain (loss)        | 18,811           | 13,465           |
| Management fees                   | (184)            | (291)            |
|                                   | <u>\$ 95,019</u> | <u>\$ 86,199</u> |

#### Beneficial Interest in Perpetual Trust

The beneficial interest in perpetual trust consists of the Organization's investment in a permanent designated fund managed by the Chester County Community Foundation (the "Foundation"). The Foundation has sole discretion over the ability to retain, invest and reinvest the funds and the power to commingle the endowed assets with those of other funds for investment purposes. At the end of each fiscal year, 5% of the trust's value can be distributed and used for the purpose of supporting the nonprofit operating, program and capital needs of the Organization. The distributable amount of the trust assets at June 30, 2025 and 2024 was \$6,293 and \$5,592, respectively. The Organization makes appropriations from the trust up to the distributable amount as deemed necessary. The Organization considers the market rate of return and the amount of available funds in the trust when determining its annual spending. No appropriations have been made as of June 30, 2025 and 2024.

#### NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the Fair Value Measurement Topic of the FASB ASC, assets that are measured at fair value are categorized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest

# WEST CHESTER FOOD CUPBOARD

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

### NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

priority to measurements involving significant unobservable inputs. If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted market prices for identical assets and liabilities in active markets.
- Level 2 – Unadjusted quoted market prices for similar assets and liabilities in active markets (other than those included in Level 1), which are observable for the asset or liability, either directly or indirectly.
- Level 3 – Significant unobservable inputs for the asset or liability.

The fair value of the beneficial interest in perpetual trust are included in Level 3 and are valued at the fair value of the assets in the trust at year-end.

The following table presents assets that were measured at fair value on a recurring basis at June 30, 2025:

|                                        | Level 1             | Level 2     | Level 3           | Total               |
|----------------------------------------|---------------------|-------------|-------------------|---------------------|
| Certificates of deposit                | \$ 1,490,946        | \$ -        | \$ -              | \$ 1,490,946        |
| Fixed income                           | 195,808             | -           | -                 | 195,808             |
| Beneficial interest in perpetual trust | -                   | -           | 125,864           | 125,864             |
|                                        | <u>\$ 1,686,754</u> | <u>\$ -</u> | <u>\$ 125,864</u> | <u>\$ 1,812,618</u> |

The following table presents assets that were measured at fair value on a recurring basis at June 30, 2024:

|                                        | Level 1             | Level 2     | Level 3           | Total               |
|----------------------------------------|---------------------|-------------|-------------------|---------------------|
| Certificates of deposit                | \$ 1,448,270        | \$ -        | \$ -              | \$ 1,448,270        |
| Beneficial interest in perpetual trust | -                   | -           | 111,836           | 111,836             |
|                                        | <u>\$ 1,448,270</u> | <u>\$ -</u> | <u>\$ 111,836</u> | <u>\$ 1,560,106</u> |

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

## WEST CHESTER FOOD CUPBOARD

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

#### NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

Changes in Level 3 fair value measurements during the years ended June 30, 2025 and 2024 were as follows:

|                                     | 2025              | 2024              |
|-------------------------------------|-------------------|-------------------|
| BALANCE AT BEGINNING OF YEAR        | \$ 111,836        | \$ 99,157         |
| Contributions                       | -                 | -                 |
| Net realized/unrealized gain (loss) | 13,103            | 11,750            |
| Investment income                   | 2,525             | 2,353             |
| Management fees                     | (1,600)           | (1,424)           |
| BALANCE AT END OF YEAR              | <u>\$ 125,864</u> | <u>\$ 111,836</u> |

#### NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2025 and 2024:

|                                | 2025              | 2024              |
|--------------------------------|-------------------|-------------------|
| Equipment                      | \$ 75,068         | \$ 75,068         |
| Leasehold improvements         | 219,179           | 219,179           |
| Vehicles                       | 79,860            | 79,860            |
|                                | <u>374,107</u>    | <u>374,107</u>    |
| Less: accumulated depreciation | (180,222)         | (147,944)         |
| Net property and equipment     | <u>\$ 193,885</u> | <u>\$ 226,163</u> |

Depreciation expense for the years ended June 30, 2025 and 2024 was \$32,278 and \$31,738, respectively.

#### NOTE 9 – ASSETS SUBJECT TO LIEN

In June 2021, the Organization received a refrigerated van for use from Philabundance. Complete title transfer of the van was conditional upon meeting terms of the operating agreement and subject to a four year lien. Philabundance maintained a lien on the van through June 2025. Terms of the agreement required the Organization to utilize the vehicle in picking up product from Philabundance and to deliver that product to the clients of the Organization. The Organization was also required to maintain any expenses related to insurance, maintenance and routine usage of the vehicle. At the close of the four year lien period, complete title transfer to the Organization would occur. In the event the Organization was not able to fulfill the terms of the agreement, they would be required to repay Philabundance 50% of the purchase cost of the vehicle.

## WEST CHESTER FOOD CUPBOARD

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

#### NOTE 9 – ASSETS SUBJECT TO LIEN (Cont'd)

The receipt of the van was recorded in financial statements as revenue and a corresponding asset in the year of receipt. The Organization has received correspondence indicating all contractual requirements have been met and transfer of title will occur as soon as administratively possible.

#### NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2025 and 2024:

|                                  | 2025              | 2024             |
|----------------------------------|-------------------|------------------|
| Food purchases for FY26          | \$ 150,000        | \$ -             |
| Time restricted promises to give | -                 | 75,000           |
|                                  | <u>\$ 150,000</u> | <u>\$ 75,000</u> |

Net assets with donor restrictions released during the years ended June 30, 2025 and 2024 were as follows:

|                                              | 2025              | 2024             |
|----------------------------------------------|-------------------|------------------|
| Subject to expenditure for specific purposes |                   |                  |
| Time restricted promises to give             | \$ 75,000         | \$ -             |
| Food purchases                               | 100,000           | -                |
| Capital improvements                         | -                 | 56,642           |
|                                              | <u>\$ 175,000</u> | <u>\$ 56,642</u> |

#### NOTE 11 – BOARD DESIGNATED NET ASSETS

West Chester Food Cupboard currently leases a 12,000 square foot facility and intends to purchase this facility or a similar facility within the next five years. West Chester Food Cupboard's Board of Directors has voted to designate \$1,250,000 of net assets without donor restrictions to be utilized for a future building purchase.

#### NOTE 12 – IN-KIND CONTRIBUTIONS

The Organization received contributions of the following nonfinancial assets reflected within the statements of activities for the years ended June 30, 2025 and 2024:

|              | 2025                | 2024                |
|--------------|---------------------|---------------------|
| Donated food | <u>\$ 2,648,609</u> | <u>\$ 2,259,018</u> |

# WEST CHESTER FOOD CUPBOARD

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

### NOTE 12 – IN-KIND CONTRIBUTIONS (Cont'd)

All donated services and materials were utilized by the Organization's programs. Unless otherwise noted, no donor restrictions exist for contributed nonfinancial assets.

The Organization received various types of donated food during the years ended June 30, 2025 and 2024. The food was utilized to support all programming efforts of the Organization. Donated food is valued at the most recently available published Feeding America rate, or by the assigned value given by the Chester County Food Bank.

### NOTE 13 – OPERATING LEASE COMMITMENT

The Organization evaluated current contracts to determine which met the criteria of a lease. The operating lease right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the operating lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has utilized a risk-free rate of 4.13% to discount future lease payments.

In June 2023, the Organization entered into a five-year operating lease for its office and warehouse facility commencing August 1, 2023. Rental payments of \$11,194 per month are required with a 3% increase each year.

Lease expense for the years ended June 30, 2025 and 2024 for operating leases subject to recognition under ASU No. 2016-02, *Leases (Topic 842)*, was \$143,234 and \$131,298, respectively.

Future maturities of operating lease liabilities subject to ASU No. 2016-02, *Leases (Topic 842)* are as follows:

| <u>For the year ended June 30,</u> |                   |
|------------------------------------|-------------------|
| 2026                               | \$ 142,166        |
| 2027                               | 146,428           |
| 2028                               | 150,821           |
| 2029                               | 12,599            |
| Total operating lease payments     | <u>452,014</u>    |
| Less: present value discount       | <u>(27,153)</u>   |
| Total operating lease obligations  | <u>\$ 424,861</u> |