

TRI-STATE FOOD BANK, INC.
EVANSVILLE, INDIANA
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024



TRI-STATE FOOD BANK, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5 – 6
Statements of Functional Expenses	7 – 8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 24
Supplementary Information	
Consolidated Financial Report:	
Illinois Grant Accountability and Transparency Act Grantee Portal – Audit Consolidated Year-End Financial Report	25 – 31
Additional Information:	
Schedule of Expenditures of Federal Awards	32 – 33
Notes to Schedule of Expenditures of Federal Awards	34
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35 – 36
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	37 – 39
Schedule of Findings and Questioned Costs	40 – 41
Summary of Prior Audit Findings	42

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tri-State Food Bank, Inc.
Evansville, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Tri-State Food Bank, Inc. (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 present fairly, in all material respects, the financial position of Tri-State Food Bank, Inc. 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tri-State Food Bank, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

To the Board of Directors
Tri-State Food Bank, Inc.

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

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

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

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

To the Board of Directors
Tri-State Food Bank, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Consolidated Year-End Financial Report for the State of Illinois for the fiscal year ended June 30, 2025, as required by the Illinois Department of Human Services (DHS) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, on our consideration of Tri-State Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-State Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri-State Food Bank's internal control over financial reporting and compliance.



December 9, 2025

Certified Public Accountants and Consultants
Evansville, Indiana

TRI-STATE FOOD BANK, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

ASSETS	2025	2024 (Restated)
Cash and cash equivalents	\$ 484,029	\$ 169,741
Investments	-	175,344
Accounts receivable	167,866	32,005
Grants receivable	184,512	238,521
Other Accounts Receivable	717	-
Unconditional promises to give, net	-	351,720
Inventory	3,385,263	3,456,268
Prepaid expenses	34,505	30,310
Beneficial interest in trust	1,062,446	999,750
Property and equipment, net	4,646,575	5,236,359
	<u>\$ 9,965,913</u>	<u>\$ 10,690,018</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 287,864	\$ 165,379
Accrued expenses	54,895	73,419
Mortgage payable	361,424	609,148
Lease payable	208,121	208,121
Refundable advance	261,148	347,130
Total Liabilities	<u>1,173,452</u>	<u>1,403,197</u>
Net Assets		
Without donor restriction		
Undesignated	7,730,016	8,136,949
With donor restriction		
Time-restricted for future periods	<u>1,062,445</u>	<u>1,149,872</u>
Total Net Assets	<u>8,792,461</u>	<u>9,286,821</u>
	<u>\$ 9,965,913</u>	<u>\$ 10,690,018</u>

See accompanying notes.

TRI-STATE FOOD BANK, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2025		
	Without Donor Restriction	With Donor Restriction	Total
Revenues, Support, and Gains			
Shared maintenance	\$ 1,178,072	\$ -	\$ 1,178,072
Backpack program	125,094	-	125,094
Delivery	18,970	-	18,970
Contributions	2,188,790	-	2,188,790
Grants - cash	1,962,659	-	1,962,659
Grants - noncash	12,562,801	-	12,562,801
Food products donations - noncash	12,750,793	-	12,750,793
Investment return	10,708	-	10,708
Miscellaneous	20,467	-	20,467
Special events, net	20,286	-	20,286
Less cost of direct benefits to donors	(6,462)	-	(6,462)
Net special events revenue	13,824	-	13,824
Distributions and change in value of beneficial interest in trusts	-	105,851	105,851
Net assets released from restrictions	193,278	(193,278)	-
Total Revenues, Support, and Gains	31,025,456	(87,427)	30,938,029
Expenses			
Program services	30,741,319	-	30,741,319
Management and general	344,034	-	344,034
Fundraising	347,036	-	347,036
Total Expenses	31,432,389	-	31,432,389
INCREASE (DECREASE) IN NET ASSETS	(406,933)	(87,427)	(494,360)
Net Assets at Beginning of Year			
Restated (See Note 19)	8,136,949	1,149,872	9,286,821
NET ASSETS AT END OF YEAR	\$ 7,730,016	\$ 1,062,445	\$ 8,792,461

See accompanying notes.

TRI-STATE FOOD BANK, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2024 (Restated)		
	Without Donor Restriction	With Donor Restriction	Total
Revenues, Support, and Gains			
Shared maintenance	\$ 639,440	\$ -	\$ 639,440
Backpack program	158,072	-	158,072
Delivery	16,130	-	16,130
Contributions	2,014,652	-	2,014,652
Grants - cash	1,530,101	-	1,530,101
Grants - noncash	12,736,855	-	12,736,855
Food products donations - noncash	13,986,669	-	13,986,669
Investment return	49,960	-	49,960
Gain/(loss) on sale of assets	(9,648)	-	(9,648)
Miscellaneous	14,103	-	14,103
Special events, net	34,842	-	34,842
Less cost of direct benefits to donors	(13,784)	-	(13,784)
Net special events revenue	21,058	-	21,058
Distributions and change in value of beneficial interest in trusts	-	139,496	139,496
Net assets released from restrictions	270,267	(270,267)	-
Total Revenues, Support, and Gains	31,427,659	(130,771)	31,296,888
Expenses			
Program services	30,519,536	-	30,519,536
Management and general	360,998	-	360,998
Fundraising	358,044	-	358,044
Total Expenses	31,238,578	-	31,238,578
INCREASE (DECREASE) IN NET ASSETS	189,081	(130,771)	58,310
Net Assets at Beginning of Year	7,947,868	1,280,643	9,228,511
NET ASSETS AT END OF YEAR	<u>\$ 8,136,949</u>	<u>\$1,149,872</u>	<u>\$ 9,286,821</u>

See accompanying notes.

TRI-STATE FOOD BANK, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

	For the Year Ended June 30, 2025			
	Program Services	Management and General	Fundraising	Total
IN USDA commodity				
disbursement - noncash	\$ 4,306,876	\$ -	\$ -	\$ 4,306,876
KY USDA commodity				
disbursement - noncash	4,853,878	-	-	4,853,878
IL USDA commodity				
disbursement - noncash	2,812,150	-	-	2,812,150
Food products disbursement -				
noncash	12,262,686	-	-	12,262,686
Noncash commodity disbursement - spoilage	1,160,628	-	-	1,160,628
Purchased products	2,991,776	-	-	2,991,776
Professional dues and services	111,059	28,650	-	139,709
Direct mailings	-	-	68,991	68,991
Advertising	6,873	2,455	491	9,819
Repairs and maintenance	162,497	10,670	512	173,679
Insurance	74,093	14,493	405	88,991
Miscellaneous	39,043	7,637	213	46,893
Network dues and fees	13,340	2,609	73	16,022
Depreciation	634,628	124,142	3,469	762,239
Interest expense	16,562	3,240	90	19,892
Postage	559	559	1,118	2,236
Wages and salaries	869,333	93,982	211,459	1,174,774
Employee benefits	161,667	17,963	44,907	224,537
Taxes	56,770	6,137	13,809	76,716
Supplies	53,780	5,377	598	59,755
Utilities	153,121	26,120	901	180,142
	<u>\$ 30,741,319</u>	<u>\$ 344,034</u>	<u>\$ 347,036</u>	<u>\$ 31,432,389</u>

See accompanying notes.

TRI-STATE FOOD BANK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	For the Year Ended June 30, 2024 (Restated)			
	Program Services	Management and General	Fundraising	Total
IN USDA commodity disbursement - noncash	\$ 4,269,606	\$ -	\$ -	\$ 4,269,606
KY USDA commodity disbursement - noncash	5,014,485	-	-	5,014,485
IL USDA commodity disbursement - noncash	2,831,371	-	-	2,831,371
Food products disbursement - noncash	12,712,453	-	-	12,712,453
Noncash commodity disbursement - spoilage	1,109,194	-	-	1,109,194
Purchased products	2,126,403	-	-	2,126,403
Professional dues and services	109,486	21,292	-	130,778
Direct mailings	-	-	70,117	70,117
Advertising	13,795	4,927	985	19,707
Repairs and maintenance	157,633	16,639	876	175,148
Insurance	87,898	17,200	486	105,584
Miscellaneous	51,142	10,007	283	61,432
Network dues and fees	12,101	2,368	67	14,536
Depreciation	656,767	128,472	3,590	788,829
Interest expense	29,354	5,744	141	35,239
Postage	1,202	1,203	2,405	4,810
Property taxes	381	75	2	458
Wages and salaries	905,606	97,903	220,283	1,223,792
Employee benefits	147,574	16,397	40,993	204,964
Taxes	66,366	7,175	16,143	89,684
Supplies	76,144	7,615	846	84,605
Utilities	140,575	23,981	827	165,383
	<u>\$ 30,519,536</u>	<u>\$ 360,998</u>	<u>\$ 358,044</u>	<u>\$ 31,238,578</u>

See accompanying notes.

TRI-STATE FOOD BANK, INC.
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (494,360)	\$ 58,310
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	762,239	788,830
(Gain) loss on disposal of fixed assets	-	9,648
Unrealized (gain)loss on investments	-	(25,142)
Realized (gain)loss on sale of investments	-	(9,644)
(Increase) decrease in:		
Accounts and other receivables	(82,569)	164,054
Inventory	71,005	(809,889)
Prepaid expenses	(4,195)	5,312
Unconditional promises to give	351,720	228,455
Beneficial interest in trust	(62,696)	(102,997)
Increase (decrease) in:		
Accounts payable	122,485	83,298
Accrued expenses	(18,524)	(27,907)
Refundable advance	(85,982)	(129,934)
NET CASH PROVIDED BY OPERATING ACTIVITIES	559,123	232,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(63,405)
Proceeds from sales of investments	175,344	579,414
Purchase of property and equipment	(172,455)	(281,054)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	2,889	234,955
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(247,724)	(504,954)
NET CASH USED IN FINANCING ACTIVITIES	(247,724)	(504,954)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	314,288	(37,605)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	169,741	207,346
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 484,029	\$ 169,741

See accompanying notes.

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

Tri-State Food Bank, Inc. (Organization) is a not-for-profit organization located in Evansville, Indiana. The mission and principal activities of which are to solicit, warehouse and distribute donated food products to other not-for-profit organizations in Indiana, Illinois, and Kentucky. The Organization is supported primarily through donations of food and commodities, grants, and individual donations. Depending on the food source and the organization, the Organization charges a shared maintenance fee to some of the organizations to which they distribute food. This fee is not for the food, but it is to help recover a portion of the transportation, storage, and distribution costs incurred by the Organization.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting which follows generally accepted accounting principles.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When donor-imposed restrictions are received and met in the same reporting period, they are classified as net assets without donor restrictions.

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash and cash equivalents consisted primarily of money market funds and certificates of deposit. Certificates of deposit are stated at cost plus accrued interest, which approximates market value.

The Federal Deposit Insurance Corporation (FDIC) insures the amounts in the bank up to \$250,000 per bank. On June 30, 2025 and 2024, the Organization had \$207,143 and \$0 exceeding FDIC insured limits.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts Receivable

Accounts receivable are stated at the amount billed to agencies. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are written off based on the individual agencies' credit evaluation and specific circumstances. Currently, the Organization does not have an allowance for credit losses, because all accounts are considered to be fully collectible. The Organization does not charge interest on past due accounts.

Accounts receivable at July 1, 2023 was \$37,974.

Inventory

Inventory consists of food products. Donated and commodities inventory are valued based on the average wholesale value of one pound of product as determined by an independent source. Purchased products are valued at a lower cost or net realizable value.

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Grants

Individual governmental and private grant arrangements are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange for the resources provided. Instead, revenue is recognized as a conditional contribution, when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. Amounts received from agencies and organizations that are unspent are included in refundable advance.

For the individual governmental and private grant arrangements that are reciprocal, revenue is recognized as services are provided, which is generally as allowable expenditures are incurred. The Organization did not have any reciprocal grants for the years ended June 30, 2025 and 2024.

Property and Equipment

The Organization records property and equipment additions over \$500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Unconditional Promises to Give

Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges received after June 30, 2025 are discounted to the anticipated net present value of the future cash flows. Because the majority of unconditional promises to give are from reputable local entities with a solid history of supporting local non-profits, management has determined that 90% of the promises to give are collectible.

Contributions

Contributions, including cash, other assets, and unconditional promises to give, are recognized as revenues in the period received. Contributions whose restrictions are met in the same period they are received are recorded as revenue in net assets with donor restrictions and as net assets released from restrictions. Unconditional pledges with terms greater than one year are initially recorded at fair value based on their estimated future cash flows. Pledges are discounted to present value using a discount rate commensurate with the risk involved (See Note 15). Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Gifts of assets other than cash are recorded at their estimated fair value.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. For the years ended June 30, 2025 and 2024, 2,886 and 1,817 volunteers donated a total of 8,692 and 13,206 hours, respectively.

In-kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of property from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contribution revenue by a like amount. The Organization received \$12,750,793 and \$13,986,669 in in-kind food product donations for the years ended June 30, 2025 and 2024, respectively. These are valued based on a price per pound as valued by Feeding America.

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Concluded)

Government Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such an audit, adjustments could be required.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to the federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

Advertising

The Organization uses advertising for promoting programs and recruiting employees. These costs are expensed as incurred.

Date of Management's Review

Subsequent events have been evaluated through December 9, 2025, the date on which the financial statements were available to be issued.

Note 2 – Inventory

Inventory consists of food, commodities and various supplies for food and home service. Inventory at June 30, 2025 and 2024, consisted of:

	<u>2025</u>	<u>2024</u>
IN USDA and Commodity Supplemental Food Program	\$ 703,071	\$ 1,081,946
KY USDA Commodities	767,262	727,316
IL USDA and Commodity Supplemental Food Program	693,994	531,357
Donated and purchased food and supplies	1,220,936	1,115,649
	<u>\$ 3,385,263</u>	<u>\$ 3,456,268</u>

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 3 – Non-Cash Activity

	<u>2025</u>	<u>2024</u>
Noncash operating activities		
Donated food received	\$ 25,313,594	\$ 26,723,524
Donated food distributed	25,396,218	25,937,109
	<u>\$ (82,624)</u>	<u>\$ 786,415</u>

Note 4 – Beneficial Interest in Trust

The Organization is the beneficiary under an irrevocable trust administered by an outside party. Under the terms of the trust, the Organization has the right to receive income earned on the trust assets for 50 years following the first distribution at which time the Organization will receive the remaining assets held in trust. The estimated value of the expected future cash flows is \$1,062,446 and \$999,750, which represents the fair value of the trust assets at June 30, 2025 and 2024, respectively. Distributions received were \$33,645 and \$36,500 for the years ended June 30, 2025 and 2024, respectively.

Note 5 – Property and Equipment

Property and equipment at June 30, 2025 and 2024 was summarized as follows:

		<u>2025</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 361,000	\$ -	\$ 361,000
Vehicles	1,459,902	1,114,221	345,681
Buildings and improvements	5,720,794	2,156,832	3,563,962
Machinery and equipment	1,055,130	679,198	375,932
	<u>\$ 8,596,826</u>	<u>\$ 3,950,251</u>	<u>\$ 4,646,575</u>

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 5 – Property and Equipment (Concluded)

	2024		
	Cost	Accumulated Depreciation	Net
Land	\$ 361,000	\$ -	\$ 361,000
Vehicles	1,458,877	890,411	568,466
Buildings and improvements	5,670,705	1,776,419	3,894,286
Machinery and equipment	933,790	521,183	412,607
	<u>\$ 8,424,372</u>	<u>\$ 3,188,013</u>	<u>\$ 5,236,359</u>

Note 6 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2025	2024
Subject to expenditure for specified purpose		
To be spent on services in Kentucky	\$ 150,126	\$ 150,122
Subject to the passage of time:		
Beneficial interest in trust	1,062,446	999,750
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	(150,127)	-
	<u>\$ 1,062,445</u>	<u>\$ 1,149,872</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other of the passage of time or other events specified by donors as follows for the years ended June 30, 2025 and 2024.

	2025	2024
Satisfaction of time restriction	\$ 193,278	\$ 270,267
	<u>\$ 193,278</u>	<u>\$ 270,267</u>

Note 7 – Pension Benefit Plan

The Organization provides an Individual Retirement Account (IRA) program for employees who meet certain length-of-service requirements. The Organization contributes toward an IRA for each eligible employee. The Organization's expense related to this plan for 2025 and 2024 was \$32,000 and \$36,000, respectively.

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 8 – Investment Return

Investment returns as of June 30, 2025 and 2024 consisted of the following:

	2025	2024
Investment Return		
Interest and Dividends	\$ 11,013	\$ 15,174
Realized gain/(loss)	-	9,644
Unrealized gain/(loss)	(305)	25,142
	<u>\$ 10,708</u>	<u>\$ 49,960</u>

Note 9 – Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program services, management and general and fundraising based on actual direct expenditures square footage and time studies.

Note 10 –Grant Commitments

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Organization are prepared on an accrual basis, all earned portions of the grants not yet received as of June 30 have been recorded as receivables. Following are the grant commitments that extend beyond June 30, 2025:

Grant	Term	Grant Amount	Earned as of 06/30/2025	Funding Available 06/30/2025
IN CSFP	10/01/24 - 09/30/25	\$ 62,848	\$ 40,906	\$ 21,942
IN TEFAP	10/01/24 - 09/30/25	33,510	24,630	8,880
IN CCC	10/01/24 - 09/30/25	59,828	47,862	11,966
IN CSFP	10/01/23 - 09/30/24	62,552	62,552	-
IN TEFAP	10/01/23 - 09/30/24	91,810	91,810	-
IN Reach & Resilency	09/01/23 - 06/30/25	76,843	76,843	-
KY Reach & Resilency	10/01/22 - 06/30/25	57,343	57,343	-
		<u>\$ 444,734</u>	<u>\$ 401,946</u>	<u>\$ 42,788</u>

Note 11 – Fair Value Measurements

The Organization reports certain assets and liabilities at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 11 – Fair Value Measurements (Continued)

that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can 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. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The following is a description 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.

Investments: Fair values for equity securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 11 – Fair Value Measurements (Concluded)

Beneficial Interest in Trust: Fair value for beneficial interest in trusts is derived using the present value of the future distributions expected to be received over the terms of the agreement.

Fair values of assets measured on a recurring basis at June 30, 2025 and 2024 are as follows:

		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2025	Fair Value			
Bonds	\$ -	\$ -	\$ -	\$ -
Mutual Funds	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in trust	<u>\$ 1,062,446</u>	<u>\$ -</u>	<u>\$ 1,062,446</u>	<u>\$ -</u>

		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2024	Fair Value			
Bonds	\$ 120,644	\$ 120,644	\$ -	\$ -
Mutual Funds	54,700	54,700	-	-
	<u>\$ 175,344</u>	<u>\$ 175,344</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in trust	<u>\$ 999,750</u>	<u>\$ -</u>	<u>\$ 999,750</u>	<u>\$ -</u>

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 12 – Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments in Beneficial Interest in Trust

The trust in which the Organization holds a beneficial interest invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

General Litigation

The Organization is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization.

Note 13 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalent	\$ 484,029	\$ 169,741
Unconditional promises to give	-	351,720
Accounts receivable	167,866	32,005
Grants receivable	184,512	238,521
Investments	-	175,344
	<u>\$ 836,407</u>	<u>\$ 967,331</u>

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 14 – Mortgage Payable

	<u>2025</u>	<u>2024</u>
Mortgage payable, monthly installments of \$18,868, including interest of 3.98% due August 22, 2026, secured by real estate	\$ 361,424	\$ 609,148
Less current maturities	<u>(126,953)</u>	<u>(122,007)</u>
	<u><u>\$ 234,471</u></u>	<u><u>\$ 487,141</u></u>

Maturities of long-term debt are as follows:

<u>Years Ending June 30</u>	
2026	126,953
2027	<u>234,471</u>
	<u><u>\$ 361,424</u></u>

Note 15 – Unconditional Promises to Give

Promises to give are as follows:

	<u>2025</u>	<u>2024</u>
Due in one year or less	\$ -	\$ 390,800
Between one and five years	-	-
	-	<u>390,800</u>
Less:		
Allowance for uncollectible accounts	-	(39,080)
Discount to net present value	-	-
	<u>-</u>	<u>(39,080)</u>
Net unconditional promises to give	<u><u>\$ -</u></u>	<u><u>\$ 351,720</u></u>

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 15 – Unconditional Promises to Give (Concluded)

One organization's unconditional promises to give balance account for approximately 73% of the discounted pledge receivable on June 30, 2024, respectively. Unconditional promises to give had been discounted by the applicable federal rate at the time the pledge was made, which ranged from .25% to 2.11% for the year ended June 30, 2024. There were no outstanding unconditional promises to give as of June 30, 2025.

Note 16 – Leases

The Organization leases a truck under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Organization's assets and liabilities. The truck's title will be transferred to the Organization at the end of the lease.

The following is an analysis of the leased assets included in Property and Equipment:

	<u>2025</u>	<u>2024</u>
Ryder Truck	\$ 282,027	\$ 282,027
Less accumulated depreciation	<u>248,846</u>	<u>199,077</u>
	<u>\$ 33,181</u>	<u>\$ 82,950</u>

Minimum future lease payments under capital leases as of June 30, 2025 for each of the next five years and in the aggregate are:

Ryder lease	
Year Ended June 30,	
2026	\$ 36,953
2027	36,953
2028	<u>134,215</u>
	<u>\$ 208,121</u>

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 17 – Detailed Revenue Information

The breakdown of shared maintenance by revenue for years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Shared maintenance		
Donations	\$ 90,431	\$ 79,267
Purchased product	1,087,641	560,173
	<u>\$ 1,178,072</u>	<u>\$ 639,440</u>

The breakdown of Government – USDA noncash by state for years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Government - USDA noncash		
Indiana	\$ 4,072,685	\$ 4,731,210
Kentucky	5,173,952	5,068,216
Illinois	2,968,902	2,960,903
	<u>\$ 12,215,539</u>	<u>\$ 12,760,329</u>

Note 18 – Prior Period Adjustment

During the June 30, 2025, annual audit, it was noted that inventory had been understated in the previous year. This was corrected in the accompanying financial statements with an adjustment that had the following effect on beginning net assets without donor restrictions and total net assets:

Total Net Assets, June 30, 2024	\$ 9,297,902
Effect of adjustment to Accounts Receivable	11,081
Total Net assets, July 1, 2024, Restated	<u>\$ 9,286,821</u>
 Total Net Assets Without Donor Restrictions, June 30, 2024	 \$ 8,148,030
Effect of adjustment to Accounts Receivable	11,081
Total Net assets Without Donor Restrictions, July 1, 2024, Restated	<u>\$ 8,136,949</u>

TRI-STATE FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and June 30, 2024

Note 9 – Subsequent Event

On December 2, 2025, Tri-State Food bank obtained a line of credit with a financial institution. The loan in the amount of \$250,000, bears an interest rate of 5.5%, is secured by real estate. The loan matures on December 2, 2026.

----- SUPPLEMENTARY INFORMATION -----

TRI-STATE FOOD BANK, INC.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
GRANTEE PORTAL – AUDIT CONSOLIDATED YEAR-END
FINANCIAL REPORT
Year Ended June 30, 2025**

Grantee Name	Tri-State Food Bank
ID Numbers	Audit: 58720 Grantee: 676813 UEI: G88MLN6J5A85 FEIN: 351539870
Audit Period	7/1/2024 12:00:00 AM - 6/30/2025 12:00:00 AM
Last Update	11/14/2025 11:39:25 AM
Program Count	6

EXPENDITURES BY PROGRAM

CSFA #	Program Name	State	Federal	Total	Match
444-80-0667	Commodity Supplemental Food Program	0.00	83,206.00	83,206.00	0.00
444-80-2224	Hunger Relief Fund Check Off (TEFAP)	0.00	4,408.00	4,408.00	0.00
444-80-3189	Illinois – Equitable Access Towards Sustainable Systems (EATS) funded by LFPA	0.00	1,065,570.00	1,065,570.00	0.00
444-80-0166	The Emergency Food Assistance Program (TEFAP Administrative Costs)	0.00	73,172.00	73,172.00	0.00
444-80-3298	The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation (CCC)	0.00	35,696.00	35,696.00	0.00
444-80-3318	The Emergency Food Assistance Program (TEFAP) Reach and Resiliency	0.00	18,933.00	18,933.00	0.00
	All other federal expenditures		492,137.00	492,137.00	
TOTALS		0.00	1,773,122.00	1,773,122.00	0.00

EXPENDITURES BY CATEGORY

Amount	Category
201,918.50	Personal Services (Salaries and Wages)
12,751.20	Travel
5,811.00	Equipment
12,770.00	Supplies
10,038.49	Contractual Services
15,150.00	Occupancy - Rent and Utilities
16,386.28	Miscellaneous Costs
1,006,159.53	Grant Exclusive Line Item(s)
1,280,985.00	TOTAL

TRI-STATE FOOD BANK, INC.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
GRANTEE PORTAL – AUDIT CONSOLIDATED YEAR-END
FINANCIAL REPORT
Year Ended June 30, 2025**

State Agency	Department Of Human Services
CSFA Number	444-80-0667
Program Name	Commodity Supplemental Food Program
Popular Name	CSFP
Program Contact	Name: Melanie Kluzek Phone: (217) 720-9111 Email: melanie.m.kluzek@illinois.gov
State Amount Expended	0.00
Federal Amount Expended	83206.00

Expenditures by Category

66,499.00	Personal Services (Salaries and Wages)
5,607.00	Travel
7,900.00	Supplies
3,200.00	Occupancy - Rent and Utilities
83,206.00	TOTAL

TRI-STATE FOOD BANK, INC.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
GRANTEE PORTAL – AUDIT CONSOLIDATED YEAR-END
FINANCIAL REPORT
Year Ended June 30, 2025**

State Agency	Department Of Human Services
CSFA Number	444-80-2224
Program Name	Hunger Relief Fund Check Off (TEFAP)
Popular Name	Hunger Relief Fund
Program Contact	Name: Marie Versher Phone: 312.793.0039 Email: marie.versher@illinois.gov
State Amount Expended	0.00
Federal Amount Expended	4408.00

Expenditures by Category

4,408.00	Grant Exclusive Line Item(s)
4,408.00	TOTAL

TRI-STATE FOOD BANK, INC.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
GRANTEE PORTAL – AUDIT CONSOLIDATED YEAR-END
FINANCIAL REPORT
Year Ended June 30, 2025**

State Agency	Department Of Human Services
CSFA Number	444-80-3189
Program Name	Illinois – Equitable Access Towards Sustainable Systems (EATS) funded by LFPA
Popular Name	Illinois - EATS
Program Contact	Name: Melanie Kluzek Phone: (217) 720-9111 Email: Melanie.M.Kluzek@illinois.gov
State Amount Expended	0.00
Federal Amount Expended	1065570.00

Expenditures by Category

50,127.78	Personal Services (Salaries and Wages)
2,419.20	Travel
5,000.00	Equipment
10,038.49	Contractual Services
6,250.00	Occupancy - Rent and Utilities
991,734.53	Grant Exclusive Line Item(s)
1,065,570.00	TOTAL

TRI-STATE FOOD BANK, INC.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
GRANTEE PORTAL – AUDIT CONSOLIDATED YEAR-END
FINANCIAL REPORT
Year Ended June 30, 2025**

State Agency	Department Of Human Services
CSFA Number	444-80-0166
Program Name	The Emergency Food Assistance Program (TEFAP Administrative Costs)
Popular Name	The Emergency Assistance Food Program (TEFAP)
Program Contact	Name: Marie Versher Phone: 312-793-0039 Email: Marie.versher@illinois.gov
State Amount Expended	0.00
Federal Amount Expended	73172.00

Expenditures by Category

55,130.00	Personal Services (Salaries and Wages)
4,725.00	Travel
3,300.00	Occupancy - Rent and Utilities
10,017.00	Grant Exclusive Line Item(s)
73,172.00	TOTAL

TRI-STATE FOOD BANK, INC.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
GRANTEE PORTAL – AUDIT CONSOLIDATED YEAR-END
FINANCIAL REPORT
Year Ended June 30, 2025**

State Agency	Department Of Human Services
CSFA Number	444-80-3298
Program Name	The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation (CCC)
Popular Name	TEFAP CCC
Program Contact	Name: Marie Versher Phone: 312-793-0039 Email: marie.versher@illinois.gov
State Amount Expended	0.00
Federal Amount Expended	35696.00

Expenditures by Category

29,021.00	Personal Services (Salaries and Wages)
2,400.00	Occupancy - Rent and Utilities
4,275.00	Miscellaneous Costs
35,696.00	TOTAL

TRI-STATE FOOD BANK, INC.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
GRANTEE PORTAL – AUDIT CONSOLIDATED YEAR-END
FINANCIAL REPORT
Year Ended June 30, 2025**

State Agency	Department Of Human Services
CSFA Number	444-80-3318
Program Name	The Emergency Food Assistance Program (TEFAP) Reach and Resiliency
Popular Name	Reach and Resiliency Round 1 and Round 2
Program Contact	Name: Marie Versher Phone: 312-793-0039 Email: Marie.versher@illinois.gov
State Amount Expended	0.00
Federal Amount Expended	18933.00

Expenditures by Category

1,140.72	Personal Services (Salaries and Wages)
811.00	Equipment
4,870.00	Supplies
12,111.28	Miscellaneous Costs
18,933.00	TOTAL

TRI-STATE FOOD BANK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Number/ Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Food Distribution Cluster				
United States Department of Agriculture				
Emergency Food Assistance				
Program (Food Commodities)				
State of Indiana Department of Health	10.569		\$ 3,761,605	\$ 3,761,605
State of Indiana Commodity Supplemental Food Program	10.569	2IN810001	495,943	495,943
Indiana State Department of Agriculture	10.569	A337-16-FB-210	-	-
Commonwealth of Kentucky, Department of Agriculture	10.569		3,880,254	3,880,254
Commonwealth of Kentucky, Commodity Supplemental Food Program	10.569		941,110	941,110
State of Illinois Commodity Supplemental Food Program	10.569		572,205	572,205
State of Illinois Department of Agriculture	10.569		<u>1,954,849</u>	<u>1,954,849</u>
Total CFDA Number 10.569			<u>11,605,966</u>	<u>11,605,966</u>
Emergency Food Assistance				
Program (Administrative Costs)				
State of Indiana Department of Health	10.568	PO 0020016088 & PO 0020016042	-	109,341
Commonwealth of Kentucky, Department of Agriculture, Division of Food Distribution	10.568	PON20352200002678 & PON20352300000655	-	115,621
State of Illinois Department of Human Services	10.568	FCSBH06985 & FCSBH07593	<u>-</u>	<u>86,496</u>
Total CFDA Number 10.568			<u>-</u>	<u>311,458</u>
Commodity Supplemental Food Program				
State of Illinois Department of Human Services	10.565	FCSUQ00668	-	83,206
Commonwealth of Kentucky, Department of Agriculture, Division of Food Distribution	10.565		-	122,675
State of Indiana Department of Health	10.565	2IN810001	<u>-</u>	<u>68,125</u>
Total CFDA Number 10.565			<u>-</u>	<u>274,006</u>
Total Food Distribution Cluster			<u>11,605,966</u>	<u>12,191,430</u>

TRI-STATE FOOD BANK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Number/ Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
Pandemic Relief Activities: Local Food Purchase Agreements				
State of Indiana Department of Health and Human Services	10.182		-	49,328
State of Kentucky Department of Health and Human Services	10.182		-	32,514
State of Illinois Department of Health and Human Services	10.182	FCSCQ07654	-	285,096
Pandemic Relief Activities: Local Food Purchase Agreements				
Admin Costs:				
State of Illinois Department of Health and Human Services	10.182	FCSCQ07654	-	1,065,570
				1,432,508
Emergency Food Assistance				
Commodity Credit Corporation Eligible Recipient Funds				
State of Indiana Department of Health	10.187	PO 0020015539	-	46,075
Commonwealth of Kentucky, Department of Agriculture, Division of Food Distribution	10.187	PON20352300002883	-	30,300
State of Illinois Department of Human Services	10.187	FCSCH07565	-	35,696
Total CFDA Number 10.187			-	112,071
Total United States Department of Agriculture			11,605,966	13,736,009
United States Department of Health and Human Services				
State of Illinois Department of Human Services				
Temporary Assistance for Needy Families (TANF)	93.558	FCSBH06985	10,017	10,017
CDBG - Entitlement Grants Cluster				
United States Department of Housing and Urban Development				
City of Evansville, Indiana, Department of Metropolitan Development				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-18-0002	68,000	68,000
			\$ 11,683,983	\$ 13,814,026

TRI-STATE FOOD BANK, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

Note A – Basis of Accounting

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10% de minimis indirect cost rates allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

Note C – Federal Loan Programs

There are no federal loan programs administered directly by the Organization.

Note D – Subrecipients

Of the federal expenditures presented in the Schedule, the Organization provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
	<i>Indiana</i>	
10.569	Emergency Food Assistance Program (Food Commodities)	\$ 4,257,548
	(Noncash Assistance to 6 Soup Kitchens and 22 Food Pantries)	<u>4,257,548</u>
	<i>Illinois</i>	
10.569	Emergency Food Assistance Program (Food Commodities)	2,527,054
	(Noncash Assistance to 2 Soup Kitchens and 23 Food Pantries)	<u>2,527,054</u>
	<i>Kentucky</i>	
10.569	Emergency Food Assistance Program (Food Commodities)	4,821,364
	(Noncash Assistance to 5 Soup Kitchens and 15 Food Pantries)	<u>4,821,364</u>
	Total noncash subrecipients' food assistance	<u><u>\$ 11,605,966</u></u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Tri-State Food Bank, Inc.
Evansville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tri-State Food Bank, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors
Tri-State Food Bank, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 9, 2025

Certified Public Accountants and Consultants
Evansville, Indiana

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

To the Board of Directors
Tri-State Food Bank, Inc.
Evansville, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tri-State Food Bank, Inc.'s (Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

To the Board of Directors
Tri-State Food Bank, Inc.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's with governance regarding, among other matters, the planned scope and timing of the audit and internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Directors
Tri-State Food Bank, Inc.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



December 9, 2025

Certified Public Accountants and Consultants
Evansville, Indiana

TRI-STATE FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- | | |
|---|---------------|
| 1) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2) Internal control over financial reporting: | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified? | None reported |
| c) Noncompliance material with the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1) Internal control over major program: | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified? | None reported |
| 2) Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 3) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

- 4) Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
Food Distribution Cluster	
10.565	Commodity Supplemental Food Program
10.568	Emergency Food Assistance Program (Administrative Costs)
10.569	Emergency Food Assistance Program (Food Commodities)
10.182	LFPA

- | | |
|---|-----------|
| 5) Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6) Auditee qualified as a low-risk auditee? | Yes |

TRI-STATE FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

None for the year ended June 30, 2025.

SECTION III – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None for the year ended June 30, 2025.

TRI-STATE FOOD BANK, INC.
SUMMARY OF PRIOR AUDIT FINDINGS

June 30, 2025

No findings for the year ended June 30, 2024.