

VERMONT FOODBANK
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
SEPTEMBER 30, 2024 AND 2023

**VERMONT FOODBANK
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Vermont Foodbank

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Vermont Foodbank (the "Foodbank"), a nonprofit organization, which comprise the statement of financial position as of September 30, 2024 and the related statements of activities, cash flows, and functional expenses for the year 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 the Foodbank as of September 30, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foodbank 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.

Prior Period Financial Statements

The financial statements of the Foodbank as of September 30, 2023 were audited by other auditors whose report dated January 22, 2024 expressed an unmodified opinion on those financial statements. The summarized comparative information presented herein for 2023 has been derived from the 2023 audited financial statements and, in our opinion, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in

the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2025 , on our consideration of the Foodbank'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 the Foodbank'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 the Foodbank's internal control over financial reporting and compliance.

Warren Averett, LLC

Tampa, Florida
February 11, 2025

VERMONT FOODBANK
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023

ASSETS		
	2024	2023
CURRENT ASSETS		
Cash	\$ 648,541	\$ 459,111
Contributions receivable	383,009	1,100,309
Grants receivable	-	236,449
Accounts receivable	159,610	100,813
Inventory	2,775,615	2,562,413
Prepaid expenses	9,767	86,467
Total current assets	3,976,542	4,545,562
INVESTMENTS	17,728,094	20,073,469
RIGHT-OF-USE LEASE ASSETS, NET OF ACCUMULATED AMORTIZATION	2,986,436	1,262,460
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	10,174,005	9,864,885
TOTAL ASSETS	\$ 34,865,077	\$ 35,746,376
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 692,899	\$ 604,968
Accrued expenses	472,353	404,772
Current portion of operating lease liabilities	494,598	501,831
Total current liabilities	1,659,850	1,511,571
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	2,492,767	760,629
NET ASSETS		
Net assets without donor restrictions:		
Undesignated	19,501,984	17,510,274
Invested in property and equipment	10,174,005	9,864,885
Board designated	1,000,000	5,300,000
Total net assets without donor restrictions	30,675,989	32,675,159
Net assets with donor restrictions	36,471	799,017
Total net assets	30,712,460	33,474,176
TOTAL LIABILITIES AND NET ASSETS	\$ 34,865,077	\$ 35,746,376

See notes to the financial statements.

**VERMONT FOODBANK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	Without Donor Restrictions			With Donor Restrictions	2024	2023
	Foodbank	Donated Food	Total			
OPERATING SUPPORT AND REVENUE						
Food donations and USDA food received	\$ -	\$ 19,869,775	\$19,869,775	\$ -	\$19,869,775	\$17,932,261
Contributions	7,609,875	-	7,609,875	483,059	8,092,934	9,779,626
Grant income	5,518,238	-	5,518,238	-	5,518,238	4,280,282
Sales of purchased food	2,116,961	-	2,116,961	-	2,116,961	2,031,603
Interest income - operations	142,773	-	142,773	-	142,773	259,669
Other revenue	76,209	-	76,209	-	76,209	123,144
In-kind contributions	14,401	-	14,401	-	14,401	37,334
Membership and delivery fees	16,387	-	16,387	-	16,387	17,000
Net assets released from restrictions	1,143,744	-	1,143,744	(1,143,744)	-	-
Total operating support and revenue	<u>16,638,588</u>	<u>19,869,775</u>	<u>36,508,363</u>	<u>(660,685)</u>	<u>35,847,678</u>	<u>34,460,919</u>
OPERATING EXPENSES						
Program	15,954,884	19,182,026	35,136,910	-	35,136,910	32,859,936
Administrative	2,287,310	-	2,287,310	-	2,287,310	1,666,251
Fundraising	2,611,304	-	2,611,304	-	2,611,304	2,655,369
Total operating expenses	<u>20,853,498</u>	<u>19,182,026</u>	<u>40,035,524</u>	<u>-</u>	<u>40,035,524</u>	<u>37,181,556</u>
CHANGE IN NET ASSETS, OPERATIONS	<u>(4,214,910)</u>	<u>687,749</u>	<u>(3,527,161)</u>	<u>(660,685)</u>	<u>(4,187,846)</u>	<u>(2,720,637)</u>
NON-OPERATING INCOME (EXPENSE)						
Capital grants and gifts	-	-	-	337,555	337,555	165,669
Net assets released for capital purchases	439,416	-	439,416	(439,416)	-	-
Investment income - non-operating	259,609	-	259,609	-	259,609	227,516
Investment management fees	(23,497)	-	(23,497)	-	(23,497)	(51,821)
Net unrealized gain (loss) on investments	1,307,228	-	1,307,228	-	1,307,228	249,855
Net realized gain (loss) on sale of investment:	-	-	-	-	-	32,944
Net gain on disposal of equipment	3,500	-	3,500	-	3,500	-
Depreciation	(458,265)	-	(458,265)	-	(458,265)	(324,605)
Total non-operating income (expense)	<u>1,527,991</u>	<u>-</u>	<u>1,527,991</u>	<u>(101,861)</u>	<u>1,426,130</u>	<u>299,558</u>
CHANGE IN NET ASSETS	<u>(2,686,919)</u>	<u>687,749</u>	<u>(1,999,170)</u>	<u>(762,546)</u>	<u>(2,761,716)</u>	<u>(2,421,079)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>30,729,373</u>	<u>1,945,786</u>	<u>32,675,159</u>	<u>799,017</u>	<u>33,474,176</u>	<u>35,895,255</u>
NET ASSETS AT END OF YEAR	<u>\$28,042,454</u>	<u>\$ 2,633,535</u>	<u>\$30,675,989</u>	<u>\$ 36,471</u>	<u>\$30,712,460</u>	<u>\$33,474,176</u>

See notes to the financial statements.

**VERMONT FOODBANK
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Contributions and grants	\$ 14,506,124	\$ 19,485,642
Food Sales	1,870,737	1,930,790
Fees and other programs	235,369	123,144
Cash paid for:		
Compensation and related expenses	(8,300,918)	(7,491,364)
Suppliers	(6,392,830)	(8,154,323)
Food inventory	(4,954,576)	(4,410,440)
Interest received	2,793	787
Interest paid	(43)	(489)
Net cash (used in) provided by operating activities	<u>(3,033,344)</u>	<u>1,483,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	7,739,116	2,827,745
Purchases of investments	(4,086,513)	(2,192,239)
Purchases of property and equipment	(767,384)	(2,564,807)
Net cash provided by (used in) investing activities	<u>2,885,219</u>	<u>(1,929,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital grants and gifts	337,555	165,669
Borrowings on line of credit	-	694,611
Repayments on line of credit	-	(694,611)
Net cash provided by financing activities	<u>337,555</u>	<u>165,669</u>
NET INCREASE (DECREASE) IN CASH	189,430	(279,885)
CASH AT BEGINNING OF YEAR	459,111	738,996
CASH AT END OF YEAR	<u>\$ 648,541</u>	<u>\$ 459,111</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated food received	<u>\$ 19,869,775</u>	<u>\$ 17,932,261</u>
Donated food distributed	<u>\$ 19,182,026</u>	<u>\$ 17,208,873</u>
Donated in-kind support and expense	<u>\$ 14,401</u>	<u>\$ 37,334</u>

See notes to the financial statements.

**VERMONT FOODBANK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	PROGRAM SERVICES	ADMINISTRATIVE	FUNDRAISING	TOTAL	
				2024	2023
EXPENSES					
Value of donated food distributed	\$19,182,026	\$ -	\$ -	\$ 19,182,026	\$ 17,208,873
Employee compensation	5,245,013	1,609,246	1,514,241	8,368,499	7,539,537
Cost of food purchased	5,177,802	-	-	5,177,802	4,410,440
Other program expenses	3,593,137	-	-	3,593,137	3,755,216
Fundraising expenses	-	-	908,404	908,404	834,460
Contracted labor expense	55,203	5,000	65,514	125,717	412,700
Warehouse supplies	107,670	3,767	-	111,437	426,575
Vehicle lease and operating costs	823,393	1,993	-	825,386	471,892
Building and grounds maintenance	125,249	118,801	-	244,049	366,951
Office expenses	184,146	34,877	35,121	254,145	364,570
Professional services	116,355	218,481	-	334,836	281,673
Inbound freight	225,715	-	-	225,715	205,944
Utilities	-	115,781	-	115,781	159,487
Training, conferences and education	79,782	118,770	37,213	235,764	119,827
Other supporting services	97,046	7,967	4,735	109,748	91,954
Insurance	31,734	23,463	8,873	64,070	89,934
Agency relations	34,665	-	-	34,665	161,968
Public relations	30,493	-	30,316	60,809	47,877
In-kind expenses	-	14,401	-	14,401	37,334
Travel	27,483	6,472	6,888	40,843	33,002
Board expense	-	8,291	-	8,291	11,342
Bad debt	-	-	-	-	150,000
Total expenses	\$35,136,910	\$ 2,287,310	\$ 2,611,304	\$ 40,035,524	\$ 37,181,556

See notes to the financial statements.

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

1. DESCRIPTION OF BUSINESS

Vermont Foodbank ("the Foodbank") is an independent, nonprofit Vermont corporation formed in 1989. The purpose of the Foodbank is to distribute food through direct services, food shelves and other nonprofit agencies throughout the state of Vermont and to educate the general public on the issues of hunger. The Foodbank is a certified affiliate of the Feeding America Food Bank Network.

A description of the major programs included in these financial statements is as follows:

Food Distribution

The Foodbank distributed approximately 15,900,000 and 12,600,00 pounds (gross weight) of donated and purchased food products during the years ended September 30, 2024 and 2023, respectively, from a variety of sources including regional supermarket reclamation centers, local food processors, retailers, local farmers, and national manufacturers through the Feeding America Network. The Foodbank sorts the donated products and reclaims approximately 98% as suitable for redistribution. The donated product is supplemented with food from the U.S. Department of Agriculture (USDA), and some purchased food. Food from most sources is made available to the Foodbank's more than 220 network partners throughout Vermont (food shelves and meal sites) either through pickup at the Foodbank's Barre, Brattleboro, or Rutland, VT regional distribution centers, or delivery via Foodbank trucks.

Network partners pay an annual membership fee. Annual membership fees for network partners are based on a flat fee of \$75. Network partners may be required to pay a delivery fee based on the number of pounds for all food delivered (except USDA food). There is no delivery fee for donated food that is picked up. There are no charges of any kind for USDA food distributed. The Foodbank also administers the "Commodity Supplemental Food Program" (CSFP), a USDA program that allows the Foodbank to deliver USDA food directly to eligible recipients each month at drop sites throughout the State. All delivery fees were waived in fiscal years 2024 and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foodbank are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The net assets of the Foodbank are reported as without donor restrictions or with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

Cash

Cash is maintained with major financial institutions and, at times, balances may exceed the federally insured limits of \$250,000. The Company has never experienced any losses related to these balances.

Receivables

Receivables, or amounts due to the Foodbank, consist of contributions receivable, grants receivable, network partners' fees due, and various amounts due from other Foodbank programs. Management believes these receivables are collectible and have not established an allowance. Contributions receivables consist of promises to give to support the Foodbank's programs and capital purchases. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Inventory

Inventory consists of donations, USDA food and purchased food awaiting distribution. Purchased food is valued at the lower of cost or net realizable value. Donated food and USDA food are valued at the estimated fair market value at the date it was received (determined by Feeding America; donated at \$1.97 and USDA at \$1.74 per pound in 2024, and donated at \$1.92 and USDA at \$1.53 per pound in 2023). All inventory values are determined using the first-in, first-out method.

Investments

Investments are stated at fair value. Money market accounts and other cash equivalents that are included in the Foodbank's investment accounts are presented as investments in these financial statements. Unrealized gains and losses are included in the changes in net assets in the accompanying statement of activities.

Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities and changes in net assets.

Fair Value Measurements

Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets. Market price is generally obtained from exchange or dealer markets.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
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Level 3 - Unobservable and significant to the fair value measurement. The Foodbank uses its own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

Property and Equipment

The cost, if purchased, and fair value, if donated, of property and equipment is capitalized. The Foodbank's policy is to capitalize purchases of property and equipment exceeding \$10,000. Depreciation is computed by the straight-line method over the estimated useful lives of the underlying assets; asset lives range between 10 and 40 years for building and building improvements; 3 to 10 years for furniture, fixtures and office equipment and warehouse equipment; and 7 years for vehicles. As the Foodbank relies on securing capital gifts and grants to support net asset purchases, it has classified depreciation expense as a non-operating expense.

Revenue Recognition

The Foodbank recognizes contributions and grants when they are received or an unconditional promise to give is made. Contributions and grants with a right of return and measurable performance or other barriers are not recognized until the conditions on which they depend have been met. Contributions and grants that are restricted by the donor or grantor (either by time or purpose) are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purposed restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions.

Other income is recognized when it is earned and sales of purchased food when the sale occurs.

Donated Food and In-Kind Contributions

Donated food, as well as in-kind contributions of supplies and property and equipment are recorded at estimated fair value at the date of donation. If donors stipulate how long the assets must be used or that they are used for a particular purpose, the contributions are treated as being restricted by the donor.

In-kind contributions are recorded as revenue and expense in the accompanying statement of activities or as additions to assets in the statement of financial position.

The Foodbank generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foodbank with donated food salvage and reclamation, fundraising solicitations and other functions. Approximately 770 and 700 volunteers donated approximately 8,600 and 7,200 hours of services to the Foodbank for the years ended September 30, 2024 and 2023, respectively. The financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

The Foodbank's policy related to in-kind contributions is to utilize the assets to carry out its mission. If an asset is provided that does not allow the Foodbank to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foodbank's audited financial statements for the year ended September 30, 2023.

Tax Status

The Foodbank is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 509(a)(1). In addition, the Foodbank qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi). The Foodbank is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Foodbank is also subject to income tax on net income that is derived from business activities that are unrelated to the Foodbank's exempt purposes. Management has determined that the Foodbank is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Right-Of-Use Lease Assets and Lease Liabilities

The Foodbank follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*. Under ASC Topic 842, a lessee is required to recognize a lease liability and a right-of-use lease asset on the statements of financial position.

In connection with ASC Topic 842, the Foodbank elected to apply the following practical expedients:

- election of an accounting policy that permits inclusion of both the lease and non-lease components as a single lease component;
- election of an accounting policy to exclude lease accounting requirements for leases that have terms of less than 12 months; and
- the use of hindsight in determining the lease term and in assessing impairment of right-of-use assets.

In accordance with ASC Topic 842, at lease commencement, the Foodbank initially measures the lease liability at the present value of payments expected to be made during the lease term. The right-of-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Right-of-use assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Foodbank's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise the option.

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

Key estimates and judgments related to leases include how the Foodbank determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Foodbank uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Foodbank generally uses the risk-free rate as the discount rate for leases. The lease term includes the noncancellable period of the lease, as well as expected renewal terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Foodbank monitors changes in circumstances that would require a remeasurement of its leases and will remeasure right-of-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability.

Recently Adopted Accounting Guidance

Effective October 1, 2023, the Foodbank adopted the FASB ASC Topic 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under ASC Topic 326, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Foodbank that are subject to the guidance in ASC Topic 326 consist mainly of accounts receivable. The impact of the adoption of this standard was not considered material to the financial statements.

Reclassifications

Certain minor reclassifications have been made to the 2023 financial statements in order to conform to the classifications used in 2024.

3. INVESTMENTS

Investments (all Level I) consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and sweep balances	\$ 4,983,491	\$ 8,613,918
U.S. Treasury securities	3,122,739	2,968,298
Mutual funds of bonds	5,196,356	5,697,303
Mutual funds of domestic equities	3,020,002	1,602,093
Mutual funds of international equities	1,209,522	998,749
Certificates of deposit	195,984	193,108
	<u>\$ 17,728,094</u>	<u>\$ 20,073,469</u>

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

Investment return consisted of the following:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 399,589	\$ 486,398
Realized gain (loss) on sale of investments	-	32,944
Investment fees	(23,497)	(51,821)
Net investment income	<u>\$ 376,092</u>	<u>\$ 467,521</u>
Net unrealized gain (loss) on investments	<u>\$ 1,307,228</u>	<u>\$ 249,855</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2024</u>	<u>2023</u>
Land, building and improvements	\$ 11,509,970	\$ 11,509,970
Furniture, fixtures and office equipment	694,729	694,402
Warehouse equipment	857,449	845,178
Vehicles	641,389	643,721
Construction in process	733,726	-
	<u>14,437,263</u>	<u>13,693,271</u>
Less accumulated depreciation	<u>4,263,258</u>	<u>3,828,386</u>
	<u>\$ 10,174,005</u>	<u>\$ 9,864,885</u>

Depreciation expense was approximately \$458,000 and \$325,000 for the years ended September 30, 2024 and 2023, respectively.

5. RIGHT-OF-USE LEASE ASSETS AND LEASE LIABILITIES

The Foodbank is the lessee under various non-cancelable leasing arrangements for certain equipment and office locations. Leases with an initial term of 12 months or less are not recorded on the statements of financial position. Lease expense is recognized for these leases on straight-line basis over the lease term.

VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

Right-of-use lease assets and lease liabilities are classified as follows on the statements of financial position:

	<u>2024</u>	<u>2023</u>
Operating Leases		
Operating lease right-of-use assets	\$ 2,986,436	\$ 1,262,460
Current portion of operating lease liabilities	494,598	\$ 501,831
Operating lease liabilities, net of current portion	<u>2,492,767</u>	<u>760,629</u>
Total operating lease liabilities	<u>\$ 2,987,365</u>	<u>\$ 1,262,460</u>

The following summarizes the weighted average remaining lease term and discount rate:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term in Years		
Operating leases	3.63	4.4
Weighted Average Discount Rate		
Operating leases	3.9%	4.0%

Future maturities of operating lease liabilities as of September 30, 2024 are as follows:

<u>Year Ending September 30,</u>	
2025	\$ 603,808
2026	586,984
2027	501,100
2028	299,635
2029	230,121
Thereafter	<u>1,119,209</u>
Total lease payments	3,340,857
Less interest	<u>(353,492)</u>
Present value of lease liabilities	<u>\$ 2,987,365</u>

The following is a summary of lease expense recorded in the statements of activities:

	<u>2024</u>	<u>2023</u>
Expense related to operating leases	\$ 640,800	\$ 650,361
Expense related to short-term leases	<u>31,106</u>	<u>11,953</u>
Total operating lease costs	<u>\$ 671,906</u>	<u>\$ 662,314</u>

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

The following summarizes cash flow information related to leases:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 537,256</u>	<u>\$ 488,061</u>
Right-of-use lease assets exchanged for operating leases	<u>\$ 2,262,590</u>	<u>\$ 1,750,521</u>

6. LINE OF CREDIT

The Foodbank has a \$400,000 unsecured line of credit available through Community Bank, NA, which matures on demand. The line of credit bears interest at the Wall Street Journal's Prime Rate and is subject to a floor of 3.25%. The current interest rate as of September 30, 2024 was 8%. There were no amounts outstanding under the line-of-credit agreement as of September 30, 2024 and 2023.

7. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board designated \$10,000,000 for COVID hunger response, from the tremendous support of donors after the COVID-19 virus outbreak. The Foodbank will continue to release these funds as needed to cover expenses of COVID hunger response.

The Board also designated \$300,000 of unrestricted net assets as being reserved for the long-term support of the Foodbank.

During the years ended September 30, 2024 and 2023, \$4,300,000 and \$5,000,000 was released for operating expenses, respectively. The total remaining Board designated net assets were \$1,000,000 and \$5,300,000 at September 30, 2024 and 2023, respectively.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted by donors for the following purpose:

	<u>2024</u>	<u>2023</u>
Capital projects	\$ -	\$ 101,861
Various programs	<u>36,471</u>	<u>697,156</u>
	<u>\$ 36,471</u>	<u>\$ 799,017</u>

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

Net assets released from restrictions were for the following purpose:

	2024	2023
Capital projects	\$ 439,416	\$ 506,084
Various programs	1,143,744	2,582,065
	\$ 1,583,160	\$ 3,088,149

9. RETIREMENT PLAN

The Foodbank maintains a 403(b) Thrift Plan that covers substantially all employees. There is no minimum age or service requirements for employees to make contributions to the plan. The Foodbank may elect to contribute to the plan annually.

For fiscal year 2024, the Foodbank contributed 3.0% of salaries to the retirement accounts of all eligible employees. Retirement expense was approximately \$207,000 and \$130,000 for the years ended September 30, 2024 and 2023, respectively.

10. COMMITMENTS AND CONTINGENCIES

As part of its "Certified Affiliate Agreement" with Feeding America, the Foodbank has agreed to operate its food donation and distribution system under certain industry standard procedures and to undergo biennial reviews. That agreement also requires the Foodbank to maintain cash reserves in an amount equaling at least three months of anticipated operating costs or to demonstrate a positive working capital in the previous fiscal year.

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the awards and their terms, it has accommodated the objectives of the Foodbank to the provisions of the grant.

11. USDA FOOD PROGRAMS

The Foodbank receives food from the USDA to support two programs - The Emergency Food Assistance Program (TEFAP) through the Vermont Department of Education, and the Commodity Supplemental Food Program (CSFP) through the Vermont Department of Disabilities, Aging and Independent Living.

The Foodbank also receives monetary funding through the same agencies to offset some of the program and administrative costs.

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

Federal support under these programs is summarized as follows for the years ended September 30, 2024 and 2023:

	2024		
	TEFAP	CSFP	Total
USDA food:			
Value of food in opening inventory	\$ 694,695	\$ 383,116	\$ 1,077,811
Value of food received	2,138,195	681,242	2,819,437
Value of food distributed	<u>(2,173,757)</u>	<u>(725,433)</u>	<u>(2,899,190)</u>
Total USDA food	<u>\$ 659,133</u>	<u>\$ 338,925</u>	<u>\$ 998,058</u>
Federal expenditures:			
Value of food distributed	\$ 2,173,757	\$ 725,433	\$ 2,899,190
Monetary support received and expended	<u>294,719</u>	<u>49,705</u>	<u>344,424</u>
Total federal expenditures	<u>\$ 2,468,476</u>	<u>\$ 775,138</u>	<u>\$ 3,243,614</u>
2023			
	TEFAP	CSFP	Total
USDA food:			
Value of food in opening inventory	\$ 415,383	\$ 278,806	\$ 694,189
Value of food received	2,445,137	955,000	3,400,137
Value of food distributed	<u>(2,165,825)</u>	<u>(850,690)</u>	<u>(3,016,515)</u>
Total USDA food	<u>\$ 694,695</u>	<u>\$ 383,116</u>	<u>\$ 1,077,811</u>
Federal expenditures:			
Value of food distributed	\$ 2,165,825	\$ 850,690	\$ 3,016,515
Monetary support received and expended	<u>372,836</u>	<u>198,820</u>	<u>571,656</u>
Total federal expenditures	<u>\$ 2,538,661</u>	<u>\$ 1,049,510</u>	<u>\$ 3,588,171</u>

12. DONATED FOOD AND IN-KIND CONTRIBUTIONS

The Foodbank received donated food of approximately \$17,050,000 and \$14,614,000 for the years ended September 30, 2024 and 2023, respectively. Donated food is used in program services and was valued based on the estimated fair market value of \$1.97 and \$1.92 per pound as determined by Feeding America for the years ended September 30, 2024 and 2023, respectively.

The Foodbank received a variety of supplies and discounted fees with an estimated fair market value of approximately \$14,000 and \$37,000, for the years ended September 30, 2024 and 2023, respectively.

**VERMONT FOODBANK
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

All in-kind contributions received by the Foodbank for the years ended September 30, 2024 and 2023 were considered without donor restrictions and able to be used by the Foodbank as determined by management and the Board of Directors. The Foodbank used and/or distributed all the in-kind contributions in its program services.

13. AVAILABLE RESOURCES AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use to non-operating expenditures, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash	\$ 648,541	\$ 459,111
Contributions receivable	383,009	1,100,309
Grants receivable	-	236,449
Accounts receivable	159,610	100,813
	1,191,160	1,896,682
Less donor restrictions	(36,471)	(799,017)
	\$ 1,154,689	\$ 1,097,665

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 11, 2025, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**VERMONT FOODBANK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<u>Federal Agency / Pass-through Entity / Federal Program</u>	<u>Assistance Listing Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services			
Passed through Vermont Department of Children and Families:			
Direct Funding - Congressional Directive	93.493	90XP0605-01-00	\$ 503,169
Passed through Bi-State Primary Care Association:			
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	N/A	<u>200</u>
Total U.S. Department of Health and Human Services			503,369
United States Department of Agriculture			
<u>Food Distribution Cluster</u>			
Passed through Vermont Agency of Education:			
The Emergency Food Assistance Program - Administrative Costs	10.568	4473R9312300	135,357
The Emergency Food Assistance Program - Non-Cash USDA Food Commodities	10.569	TEFAP	2,173,757
The Emergency Food Assistance Program - Reach & Resiliency	10.568	4479R9312301	159,362
Passed through Vermont Department of Disabilities, Aging and Independent Living:			
Commodity Supplemental Food Program - Cash	10.565	CSFP	49,705
Commodity Supplemental Food Program - Non-Cash USDA Food Commodities	10.565	CSFP	<u>725,433</u>
Total Food Distribution Cluster			3,243,614
Passed through Vermont Agency of Education:			
TEFAP Commodity Credit Corporation Eligible Recipient Funds	10.187	4474R9312401	37,500
<u>SNAP Cluster</u>			
Passed through Vermont Department for Children and Families:			
SNAP Employment and Training Program	10.561	03440-10313-24	48,425
SNAP Employment and Training Program 50%	10.561	03440-10209-24	139,451
Passed through Vermont Department of Health:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	03440-10209-23	<u>83,648</u>
Total SNAP Cluster			271,524
Passed through Vermont Department of Agriculture, Food & Markets:			
Local Food Purchase Assistance: Purchase/Distribution of Chicken, Corn, and Produce	10.182	02200-LFPA-22-06	<u>27,794</u>
Total United States Department of Agriculture			3,580,432
Northern Border Commission			
Northern Border Regional Commission	90.601	NBRC20GVT04	<u>12,500</u>
Total Expenditures of Federal Awards			<u>\$ 4,096,301</u>

See notes to schedule of expenditures of federal awards.

VERMONT FOODBANK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Vermont Foodbank under programs of the federal government for the year ended September 30, 2024 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 Foodbank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foodbank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. DE MINIMIS INDIRECT COSTS RATE ELECTION

The Foodbank has elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

4. FOOD DISTRIBUTION

Non-monetary assistance is reported in the Schedule at the fair value of the commodities received and distributed. Commodities received and distributed during the year ended September 30, 2024 have been valued at \$1.97 per pound, which is an approximation of the average national wholesale value of one pound of donated product as derived from the Feeding America. At September 30, 2024, the Foodbank had food commodities totaling \$998,058 in inventory.

5. SUBRECIPIENT

For the year ended September 30, 2024, there were no amounts passed through to subrecipients.

6. CONTINGENCY

Expenditures incurred by the Foodbank are subject to audit and possible disallowance by federal agencies. Management believes that, if audited, any adjustments for disallowed expenses would be immaterial.

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

To the Board of Directors
Vermont Foodbank

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 Vermont Foodbank, Inc. (a nonprofit organization), the "Foodbank," which comprise the statement of financial position as of September 30, 2024 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foodbank'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 Foodbank'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 Foodbank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Tampa, Florida
February 11, 2025

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

To the Board of Directors
Vermont Foodbank

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Vermont Foodbank's (the "Foodbank") 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 the Foodbank's major federal program for the year ended September 30, 2024. The Foodbank's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foodbank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Foodbank 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 the major federal program. Our audit does not provide a legal determination of the Foodbank'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 Foodbank's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foodbank's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foodbank'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 Foodbank'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 Foodbank'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 Foodbank's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Warren Averett, LLC

Tampa, Florida
February 11, 2025

VERMONT FOODBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	Yes <input type="checkbox"/>		No <input checked="" type="checkbox"/>
Significant deficiency(ies) identified?	Yes <input type="checkbox"/>	None Reported	<input checked="" type="checkbox"/>

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	Yes <input type="checkbox"/>		No <input checked="" type="checkbox"/>
Significant deficiency(ies) identified?	Yes <input type="checkbox"/>	None Reported	<input checked="" type="checkbox"/>

Type of auditors’ report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are to be reported in accordance with 2 CFR 200.516(a) Yes No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Program</u>
10.565 / 10.568 / 10.569	Food Distribution Cluster

Dollar threshold used to distinguish between Type A and Type B major programs \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Other Matters

A summary schedule of prior audit findings is not required because there were no prior audit findings related to major federal programs.