

**VERMONT FOODBANK**  
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2025**

**ERMONT FOODBANK  
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SEPTEMBER 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Vermont Foodbank

### **Opinion**

We have audited the accompanying financial statements of Vermont Foodbank (the "Foodbank"), a nonprofit organization, which comprise the statements of financial position as of September 30, 2025, 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, 2025 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 opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

## **Report on Summarized Comparative Information**

We have previously audited the Foodbank's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **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 reports dated January 20, 2026, 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 those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foodbank's internal control over financial reporting or on compliance. Those reports are 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  
January 20, 2026

**VERMONT FOODBANK  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2025 AND 2024**

| <b>ASSETS</b>   |                      |                      |
|---|----------------------|----------------------|
|   | <b>2025</b>          | <b>2024</b>          |
| <b>CURRENT ASSETS</b>   |                      |                      |
| Cash and cash equivalents   | \$ 5,411,248         | \$ 5,635,385         |
| Contributions receivable  | 70,000               | 383,009              |
| Grants receivable   | 202,200              | -                    |
| Accounts receivable   | 147,621              | 159,610              |
| Inventory   | 4,907,615            | 2,775,615            |
| Prepaid expenses  | -                    | 9,767                |
| <b>TOTAL CURRENT ASSETS</b>   | <b>10,738,684</b>    | <b>8,963,386</b>     |
| <b>INVESTMENTS</b>  | 12,047,561           | 12,741,250           |
| <b>RIGHT-OF-USE LEASE ASSETS, NET OF<br/>ACCUMULATED AMORTIZATION</b> | 2,720,994            | 2,986,436            |
| <b>PROPERTY AND EQUIPMENT, NET OF<br/>ACCUMULATED DEPRECIATION</b>    | 10,187,693           | 10,174,005           |
| <b>TOTAL ASSETS</b>   | <b>\$ 35,694,932</b> | <b>\$ 34,865,077</b> |
| <b>LIABILITIES AND NET ASSETS</b>                                     |                      |                      |
| <b>CURRENT LIABILITIES</b>  |                      |                      |
| Accounts payable  | \$ 363,622           | \$ 692,899           |
| Accrued expenses  | 518,535              | 472,353              |
| Current portion of operating lease liabilities                        | 534,071              | 494,598              |
| <b>TOTAL CURRENT LIABILITIES</b>                                      | <b>1,416,228</b>     | <b>1,659,850</b>     |
| <b>OPERATING LEASE LIABILITIES, NET OF CURRENT</b>                    | <b>2,063,542</b>     | <b>2,492,767</b>     |
| <b>NET ASSETS</b>   |                      |                      |
| Net assets without donor restrictions:                                |                      |                      |
| Undesignated  | 31,177,734           | 29,675,989           |
| Board designated  | 1,000,000            | 1,000,000            |
| Total net assets without donor restrictions                           | 32,177,734           | 30,675,989           |
| Net assets with donor restrictions                                    | 37,428               | 36,471               |
| <b>TOTAL NET ASSETS</b>   | <b>32,215,162</b>    | <b>30,712,460</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                               | <b>\$ 35,694,932</b> | <b>\$ 34,865,077</b> |

See notes to the financial statements.

**VERMONT FOODBANK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**  
*(with comparative totals for 2024)*

|  | Without Donor Restrictions |                     |                      | With Donor Restrictions | 2025                 | 2024                 |
|--|----------------------------|---------------------|----------------------|-------------------------|----------------------|----------------------|
|  | Foodbank                   | Donated Food        | Total                |                         |                      |                      |
| <b>OPERATING SUPPORT AND REVENUE</b>       |                            |                     |                      |                         |                      |                      |
| Food donations and USDA food received      | \$ -                       | \$ 21,959,499       | \$ 21,959,499        | \$ -                    | \$ 21,959,499        | \$ 19,869,775        |
| Sales of purchased food                    | 2,172,331                  | -                   | 2,172,331            | -                       | 2,172,331            | 2,116,961            |
| Federal grants                             | 1,748,427                  | -                   | 1,748,427            | -                       | 1,748,427            | 1,000,539            |
| Contributions                              | 8,604,646                  | -                   | 8,604,646            | 410,703                 | 9,015,349            | 8,092,934            |
| Grants                                     | 2,757,893                  | -                   | 2,757,893            | -                       | 2,757,893            | 4,517,699            |
| Bequests                                   | 1,202,636                  | -                   | 1,202,636            | -                       | 1,202,636            | -                    |
| Investment income - operations             | 105,645                    | -                   | 105,645              | -                       | 105,645              | 142,773              |
| Other revenue                              | 136,797                    | -                   | 136,797              | -                       | 136,797              | 76,209               |
| In-kind contributions                      | 1,270                      | -                   | 1,270                | -                       | 1,270                | 14,401               |
| Membership and delivery fees               | 15,975                     | -                   | 15,975               | -                       | 15,975               | 16,387               |
| Net assets released from restrictions      | 409,746                    | -                   | 409,746              | (409,746)               | -                    | -                    |
| <b>Total operating support and revenue</b> | <b>17,155,366</b>          | <b>21,959,499</b>   | <b>39,114,865</b>    | <b>957</b>              | <b>39,115,822</b>    | <b>35,847,678</b>    |
| <b>OPERATING EXPENSES</b>                  |                            |                     |                      |                         |                      |                      |
| Program                                    | 12,439,580                 | 19,845,703          | 32,285,283           | -                       | 32,285,283           | 35,161,670           |
| Administrative                             | 3,955,294                  | -                   | 3,955,294            | -                       | 3,955,294            | 2,690,413            |
| Fundraising                                | 2,096,234                  | -                   | 2,096,234            | -                       | 2,096,234            | 2,641,706            |
| <b>Total operating expenses</b>            | <b>18,491,108</b>          | <b>19,845,703</b>   | <b>38,336,811</b>    | <b>-</b>                | <b>38,336,811</b>    | <b>40,493,789</b>    |
| <b>CHANGE IN NET ASSETS, OPERATIONS</b>    | <b>(1,335,742)</b>         | <b>2,113,796</b>    | <b>778,054</b>       | <b>957</b>              | <b>779,011</b>       | <b>(4,646,111)</b>   |
| <b>NON-OPERATING INCOME (EXPENSE)</b>      |                            |                     |                      |                         |                      |                      |
| Capital grants and gifts                   | -                          | -                   | -                    | -                       | -                    | 337,555              |
| Investment income - non-operating          | 398,218                    | -                   | 398,218              | -                       | 398,218              | 259,609              |
| Investment management fees                 | (64,710)                   | -                   | (64,710)             | -                       | (64,710)             | (23,497)             |
| Net unrealized gain on investments         | 398,679                    | -                   | 398,679              | -                       | 398,679              | 1,307,228            |
| Net (loss) gain on disposal of equipment   | (8,496)                    | -                   | (8,496)              | -                       | (8,496)              | 3,500                |
| <b>Total non-operating income</b>          | <b>723,691</b>             | <b>-</b>            | <b>723,691</b>       | <b>-</b>                | <b>723,691</b>       | <b>1,884,395</b>     |
| <b>CHANGE IN NET ASSETS</b>                | <b>(612,051)</b>           | <b>2,113,796</b>    | <b>1,501,745</b>     | <b>957</b>              | <b>1,502,702</b>     | <b>(2,761,716)</b>   |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>     | <b>28,042,454</b>          | <b>2,633,535</b>    | <b>30,675,989</b>    | <b>36,471</b>           | <b>30,712,460</b>    | <b>33,474,176</b>    |
| <b>NET ASSETS AT END OF YEAR</b>           | <b>\$ 27,430,403</b>       | <b>\$ 4,747,331</b> | <b>\$ 32,177,734</b> | <b>\$ 37,428</b>        | <b>\$ 32,215,162</b> | <b>\$ 30,712,460</b> |

See notes to the financial statements.

**VERMONT FOODBANK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**  
*(with comparative totals for 2024)*

|                                     | PROGRAM              |                     |                     | TOTAL                |                      |
|-------------------------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
|                                     | SERVICES             | ADMINISTRATIVE      | FUNDRAISING         | 2025                 | 2024                 |
| <b>EXPENSES</b>                     |                      |                     |                     |                      |                      |
| Value of donated food distributed   | \$ 19,845,703        | \$ -                | \$ -                | \$ 19,845,703        | \$ 19,182,026        |
| Employee compensation               | 4,332,217            | 2,682,405           | 1,195,742           | 8,210,364            | 8,368,499            |
| Cost of food purchased              | 3,582,471            | -                   | -                   | 3,582,471            | 5,177,802            |
| Other program expenses              | 2,624,336            | -                   | -                   | 2,624,336            | 3,593,137            |
| Fundraising expenses                | -                    | -                   | 761,833             | 761,833              | 908,404              |
| Contracted labor expense            | -                    | -                   | -                   | -                    | 125,717              |
| Warehouse supplies                  | 68,632               | 34,793              | 7,968               | 111,393              | 111,437              |
| Vehicle lease and operating costs   | 783,501              | 10,941              | -                   | 794,442              | 825,386              |
| Building and grounds maintenance    | 3,094                | 149,276             | -                   | 152,370              | 244,049              |
| Depreciation                        | 357,336              | 50,394              | 50,394              | 458,124              | 458,265              |
| Office expenses                     | 22,546               | 211,362             | 19,367              | 253,274              | 254,145              |
| Professional services               | 235,547              | 343,329             | 3,641               | 582,517              | 334,836              |
| Inbound freight                     | 164,121              | -                   | -                   | 164,121              | 225,715              |
| Utilities                           | 28,986               | 148,188             | -                   | 177,174              | 115,781              |
| Training, conferences and education | 50,886               | 41,502              | 11,927              | 104,315              | 235,764              |
| Other supporting services           | 97,350               | 152,653             | 3,641               | 253,644              | 109,748              |
| Insurance                           | 12                   | 95,596              | -                   | 95,608               | 64,070               |
| Agency relations                    | 53,293               | -                   | -                   | 53,293               | 34,665               |
| Public relations                    | 6,586                | 430                 | 37,801              | 44,817               | 60,809               |
| In-kind expenses                    | -                    | -                   | 1,270               | 1,270                | 14,401               |
| Travel                              | 28,668               | 15,042              | 2,650               | 46,360               | 40,843               |
| Board expense                       | -                    | 19,382              | -                   | 19,382               | 8,291                |
| <b>TOTAL EXPENSES</b>               | <b>\$ 32,285,283</b> | <b>\$ 3,955,294</b> | <b>\$ 2,096,234</b> | <b>\$ 38,336,811</b> | <b>\$ 40,493,789</b> |

See notes to the financial statements.

**VERMONT FOODBANK  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

|  | <u>2025</u>         | <u>2024</u>         |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                     |
| Change in net assets   | \$ 1,502,702        | \$ (2,761,716)      |
| Adjustments to reconcile change in net assets<br>to net cash (used in) provided by operating activities: |                     |                     |
| Donated food contributions   | (21,959,499)        | (19,869,775)        |
| Donated food distributions   | 19,845,703          | 19,182,026          |
| Depreciation and amortization  | 458,124             | 458,264             |
| Amortization of right-of-use lease asset   | 564,429             | 3,215,558           |
| Payments on operating lease liabilities  | (688,739)           | 671,906             |
| Loss on disposal of property and equipment   | 53,801              | -                   |
| Net investment income  | (682,799)           | (1,706,817)         |
| Changes in:  |                     |                     |
| Contributions receivable   | 313,009             | 717,300             |
| Grant receivables  | (202,200)           | 236,449             |
| Accounts receivable  | 11,989              | (58,797)            |
| Purchased inventory  | (18,204)            | 474,547             |
| Prepaid expenses and other current assets  | 9,767               | 76,700              |
| Accounts payable and accrued expenses  | (283,095)           | 155,512             |
| Net cash and cash equivalents (used in)<br>provided by operating activities                              | <u>(1,075,012)</u>  | <u>791,157</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |
| Proceeds from sales of investments   | 3,437,997           | 21,780,286          |
| Purchases of investments   | (2,061,509)         | (17,728,094)        |
| Purchases of property and equipment  | (525,613)           | (767,384)           |
| Net cash and cash equivalents provided by investing activities   | <u>850,875</u>      | <u>3,284,808</u>    |
| <b>NET (DECREASE) INCREASE IN CASH AND<br/>CASH EQUIVALENTS</b>  | <u>(224,137)</u>    | <u>4,075,965</u>    |
| <b>CASH AND CASH EQUIVALENTS:</b>  |                     |                     |
| <b>AT BEGINNING OF YEAR</b>  | <u>5,635,385</u>    | <u>1,559,420</u>    |
| <b>AT END OF YEAR</b>  | <u>\$ 5,411,248</u> | <u>\$ 5,635,385</u> |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>  |                     |                     |
| Additions to right-of-use assets obtained from<br>new operating lease liabilities                        | <u>\$ 298,987</u>   | <u>\$ 1,052,999</u> |

See notes to the financial statements.

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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**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 network of food banks.

The Foodbank distributed approximately 10,600,000 and 15,900,000 pounds (gross weight) of donated and purchased food products during the years ended September 30, 2025 and 2024, 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 2025 and 2024.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Foodbank have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities at year end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Food Bank, and changes therein, are classified and reported as follows:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.

*Board Designated* – Assets designated by the Board of Directors (the Board) to be held for endowment or other specified purposes. The Board can elect to remove these designations in the future.

*With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foodbank and/or passage of time, as well as net assets subject to donor-imposed stipulations that the Foodbank maintains in perpetuity.

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 the reported amounts of support and expenses during the reported period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of their short maturities.

**Concentrations of Credit and Market Risk**

The Food Bank maintains its cash in bank deposit accounts at financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to statutory limits. The Foodbank's cash balances periodically exceed the federally insured limit.

One and five donors represent 71% and 92% of the balance of contributions receivable at September 30, 2025 and 2024, respectively.

Three donors represented 58% and 49% of donor contributions during the years ended September 30, 2025 and 2024, respectively.

**Contributions and Unconditional Promises to Give**

Contributions are recorded and presented in accordance with FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. Contributions are recognized when the donor makes a promise to give to the Foodbank that is, in substance, unconditional. Unconditional promises to give are recorded as received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk adjusted discount rates.

The Foodbank uses the allowance method to determine the uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises received. Since all pledges receivable were deemed to be collectible, there is no allowance for doubtful contributions at June 30, 2025 and 2024.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated by the donor for specific purposes or for use in a future period are reported as an increase to net assets with donor restrictions. Restrictions on contributions expire when a purpose or time restriction is accomplished. Upon satisfaction, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions include the principal amount of contributions accepted with the stipulation from the donors that the principal be maintained in perpetuity.

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions upon satisfaction of the donor restriction.

**Noncash Contributions**

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.

Support under these programs is summarized as follows:

|                             | <b>2025</b>   |               |
|-----------------------------|---------------|---------------|
|                             | <b>Pounds</b> | <b>Amount</b> |
| Donated product received    |               |               |
| Food - federal              | 2,762,011     | \$ 4,750,659  |
| Food - other donations      | 8,448,254     | 17,208,840    |
| Total food                  | 11,210,265    | \$ 21,959,499 |
| Donated product distributed |               |               |
| Food - federal              | 1,994,243     | \$ 3,430,098  |
| Food - other donations      | 8,639,792     | 16,415,605    |
|                             | 10,634,035    | \$ 19,845,703 |

The Foodbank received donated food of approximately \$17,209,000 and \$17,050,000 for the years ended September 30, 2025 and 2024, respectively. Donated food is used in program services and was valued based on the estimated fair market value of \$1.90 and \$1.97 per pound as determined by Feeding America for the years ended September 30, 2025 and 2024, respectively.

**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 statements 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 717 and 770 volunteers

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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donated approximately 7,908 and 8,600 hours of services to the Foodbank for the years ended September 30, 2025 and 2024, 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.

The Foodbank received a variety of supplies and discounted fees with an estimated fair market value of approximately \$1,200 and \$14,000 for the years ended September 30, 2025 and 2024, respectively.

All in-kind contributions received by the Foodbank for the years ended September 30, 2025 and 2024 were considered without donor restrictions and were 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.

**Receivables**

Receivables, or amounts due to the Foodbank, consist of contributions receivable, grants receivable, network partners' fees due, and various amounts due from other food bank 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. 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 \$1.90 and USDA at \$1.72 per pound in 2025, and donated at \$1.97 and USDA at \$1.74 per pound in 2024). All inventory values are determined using the first-in, first-out method.

**Investments**

Investments are carried at fair value in accordance with FASB ASC 958-320, *Investments – Debt and Equity Securities for Not-for-Profit Organizations*. Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value measurements are disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

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

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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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.

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.

The fair value of money market funds is valued based on cost, which approximates fair value. The fair value of mutual funds, equities, bonds and exchange traded funds is valued at the closing price reported on an active market on which the security is traded.

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

#### **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, 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.

#### **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

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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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.

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.

**Grant Revenue**

Grant revenue is primarily recognized on a reimbursement basis and is recognized as expenditures are made and related work progresses. Unexpended funds received under these grants and contracts are recorded as deferred revenue.

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, personnel costs have been allocated among the programs and supporting services benefited based on estimates of time and effort and occupancy costs have been allocated on the basis of the function of the personnel using the space involved.

**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, 2024.

**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 Internal Revenue Service (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

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**Reclassifications**

Certain minor reclassifications have been made to the 2024 financial statements in order to conform to the classifications used in 2025.

**Subsequent Events**

Management has evaluated events and transactions that occurred between September 30, 2025 and January 20, 2026, which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

**3. INVESTMENTS**

Investments (all Level I) consist of the following:

|  | <b>2025</b>          |                      | <b>2024</b>          |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | <b>Fair Value</b>    | <b>Cost</b>          | <b>Fair Value</b>    | <b>Cost</b>          |
| U.S. Treasury securities               | \$ 2,106,681         | \$ 2,061,509         | \$ 3,122,739         | \$ 3,061,436         |
| Mutual funds of bonds                  | 5,121,353            | 5,626,953            | 5,196,356            | 5,626,953            |
| Mutual funds of domestic equities      | 3,355,006            | 2,443,295            | 3,020,002            | 3,020,002            |
| Mutual funds of international equities | 1,371,647            | 1,060,881            | 1,209,522            | 1,209,522            |
| Certificates of deposit                | 92,874               | 92,874               | 192,631              | 192,631              |
|  | <u>\$ 12,047,561</u> | <u>\$ 11,285,512</u> | <u>\$ 12,741,250</u> | <u>\$ 13,110,544</u> |

Investment return consists of the following:

|                                    | <b>2025</b>       | <b>2024</b>         |
|------------------------------------|-------------------|---------------------|
| Interest and dividends             | \$ 503,863        | \$ 402,382          |
| Investment fees                    | (64,710)          | (23,497)            |
| Net investment income              | <u>\$ 439,153</u> | <u>\$ 378,885</u>   |
| Net unrealized gain on investments | <u>\$ 398,679</u> | <u>\$ 1,307,228</u> |

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**4. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

|  | <u>2025</u>          | <u>2024</u>          |
|--|----------------------|----------------------|
| Land, building and improvements          | \$ 12,438,752        | \$ 11,509,970        |
| Furniture, fixtures and office equipment | 690,066              | 694,729              |
| Warehouse equipment                      | 934,940              | 857,449              |
| Vehicles                                 | 518,621              | 641,389              |
| Construction in process                  | -                    | 733,726              |
|  | <u>14,582,379</u>    | <u>14,437,263</u>    |
| Less accumulated depreciation            | <u>4,394,686</u>     | <u>4,263,258</u>     |
|  | <u>\$ 10,187,693</u> | <u>\$ 10,174,005</u> |

Depreciation expense was approximately \$458,000 for each of the years ended September 30, 2025 and 2024.

**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.

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

|   | <u>2025</u>         | <u>2024</u>         |
|---|---------------------|---------------------|
| <b>Operating Leases</b>                             |                     |                     |
| Operating lease right-of-use assets                 | <u>\$ 2,720,994</u> | <u>\$ 2,986,436</u> |
| Current portion of operating lease liabilities      | \$ 534,071          | \$ 494,598          |
| Operating lease liabilities, net of current portion | <u>2,063,542</u>    | <u>2,492,767</u>    |
| Total operating lease liabilities                   | <u>\$ 2,597,613</u> | <u>\$ 2,987,365</u> |

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

|   | <u>2025</u> | <u>2024</u> |
|---|-------------|-------------|
| <b>Weighted Average Remaining Lease Term in Years</b> |             |             |
| Operating leases                                      | 3.01        | 3.63        |
| <b>Weighted Average Discount Rate</b>                 |             |             |
| Operating leases                                      | 3.9%        | 3.9%        |

Future maturities of operating lease liabilities as of September 30, 2025 are as follows:

| <u>Year Ending September 30,</u>   |                     |
|------------------------------------|---------------------|
| 2026                               | \$ 636,136          |
| 2027                               | 577,130             |
| 2028                               | 372,854             |
| 2029                               | 323,767             |
| 2030                               | 255,137             |
| Thereafter                         | <u>833,011</u>      |
| Total lease payments               | 2,998,035           |
| Less interest                      | <u>(400,422)</u>    |
| Present value of lease liabilities | <u>\$ 2,597,613</u> |

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

|                                      | <u>2025</u>       | <u>2024</u>       |
|--------------------------------------|-------------------|-------------------|
| Expense related to operating leases  | \$ 670,205        | \$ 640,800        |
| Expense related to short-term leases | <u>100,867</u>    | <u>31,106</u>     |
| Total operating lease costs          | <u>\$ 771,072</u> | <u>\$ 671,906</u> |

The following summarizes cash flow information related to leases:

|   | <u>2025</u>       | <u>2024</u>         |
|---|-------------------|---------------------|
| Cash paid for amounts included in the measurement of lease liabilities: |                   |                     |
| Operating cash flows from operating leases                              | <u>\$ 688,739</u> | <u>\$ 537,256</u>   |
| Right-of-use lease assets exchanged for operating leases                | <u>\$ 298,987</u> | <u>\$ 2,262,590</u> |

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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**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, 2025 was 7.25%. There were no amounts outstanding under the line of credit agreement as of September 30, 2025 and 2024.

**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, 2025 and 2024, \$0 and \$4,300,000 was released for operating expenses, respectively. The total remaining Board designated net assets were \$1,000,000 at each September 30, 2025 and 2024.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets of \$37,428 and \$36,471 were restricted by donors for various programs as of September 30, 2025 and 2024, respectively.

Net assets released from restrictions were for the following purpose:

|                  | <u>2025</u>       | <u>2024</u>         |
|------------------|-------------------|---------------------|
| Capital projects | \$ -              | \$ 439,416          |
| Various programs | 409,746           | 1,143,744           |
|                  | <u>\$ 409,746</u> | <u>\$ 1,583,160</u> |

**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 2025, the Foodbank contributed 3.0% of salaries to the retirement accounts of all eligible employees. Retirement expense was approximately \$158,000 and \$207,000 for the years ended September 30, 2025 and 2024, respectively.

**VERMONT FOODBANK  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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**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. 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 statements of financial position date, comprise the following:

|                           | <u>2025</u>          | <u>2024</u>          |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 5,411,248         | \$ 5,635,385         |
| Contributions receivable  | 70,000               | 383,009              |
| Grants receivable         | 202,200              | -                    |
| Accounts receivable       | 147,621              | 159,610              |
| Investments               | <u>12,047,561</u>    | <u>12,741,250</u>    |
|                           | 17,878,630           | 18,919,254           |
| Less donor restrictions   | <u>(37,428)</u>      | <u>(36,471)</u>      |
|                           | <u>\$ 17,841,202</u> | <u>\$ 18,882,783</u> |

## **SUPPLEMENTARY INFORMATION**

**VERMONT FOODBANK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| <u>Federal Agency / Pass-through Entity / Federal Program</u>   | <u>Assistance<br/>Listing<br/>Number</u> | <u>Contract /<br/>Grant<br/>Number</u> | <u>Expenditures</u> |
|---|--|--|---------------------|
| <b>U.S. Department of Health and Human Services</b>   |  |  |                     |
| Passed through Vermont Department of Children and Families:   |  |  |                     |
| Direct Funding - Congressional Directive  | 93.493                                   | 90XP0605-01-00                         | \$ 496,830          |
| Passed through Bi-State Primary Care Association:   |  |  |                     |
| Rural Health Care Services Outreach, Rural Health Network<br>Development and Small Health Care Provider Quality Improvement | 93.912                                   | N/A                                    | <u>200</u>          |
| Total U.S. Department of Health and Human Services  |  |  | <u>497,030</u>      |
| <b>United States Department of Agriculture</b>  |  |  |                     |
| <b><u>Food Distribution Cluster</u></b>   |  |  |                     |
| Passed through Vermont Agency of Education:   |  |  |                     |
| The Emergency Food Assistance Program - Administrative Costs  | 10.568                                   | 4473R9312300                           | 352,685             |
| The Emergency Food Assistance Program - Non-Cash USDA Food<br>Commodities   | 10.568                                   | TEFAP                                  | 2,813,734           |
| The Emergency Food Assistance Program - Reach & Resiliency  | 10.568                                   | 4479R9312301                           | 197,937             |
| Passed through Vermont Department of Disabilities, Aging<br>and Independent Living:   |  |  |                     |
| Commodity Supplemental Food Program - Cash  | 10.565                                   | CSFP                                   | 198,473             |
| Commodity Supplemental Food Program - Non-Cash USDA Food<br>Commodities   | 10.565                                   | CSFP                                   | 616,364             |
| Commodity Supplemental Food Program   | 10.565                                   | CSFP                                   | <u>123,706</u>      |
| Total Food Distribution Cluster   |  |  | <u>4,302,899</u>    |
| Passed through Vermont Agency of Education:   |  |  |                     |
| TEFAP Commodity Credit Corporation Eligible Recipient Funds   | 10.187                                   | 4474R9312401                           | <u>66,000</u>       |
| <b><u>SNAP Cluster</u></b>  |  |  |                     |
| Passed through Vermont Department for Children and Families:  |  |  |                     |
| SNAP Employment and Training Program  | 10.561                                   | 03440-10313-24                         | 221,734             |
| SNAP Employment and Training Program 50%  | 10.561                                   | 03440-10209-24                         | -                   |
| Passed through Vermont Department of Health:  |  |  |                     |
| State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program                                   | 10.561                                   | 03440-10209-23                         | <u>90,862</u>       |
| Total SNAP Cluster  |  |  | <u>312,596</u>      |
| Total United States Department of Agriculture   |  |  | <u>4,681,495</u>    |
| Total Expenditures of Federal Awards  |  |  | <u>\$ 5,178,525</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, 2025**

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**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, 2025 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 de minimis indirect cost rate as allowed under the 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, 2025 have been valued at \$1.72 per pound, which is an approximation of the average national wholesale value of one pound of donated product as derived from Feeding America. At September 30, 2025, the Foodbank had food commodities totaling \$2,318,619 in inventory.

**5. SUBRECIPIENT**

For the year ended September 30, 2025, 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.

**VERMONT FOODBANK  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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**7. RECONCILIATION OF SCHEDULE TO FINANCIAL STATEMENTS**

The following is a reconciliation of the total federal awards in the schedule to the accompanying financial statements for the year ended September 30, 2025.

|   |                            |
|---|----------------------------|
| Financial Statement Presentation  |                            |
| Statement of Activities - federal grants  | \$ 1,748,427               |
| Statement of Functional Expenses - federal portion<br>of donated product distributed (Note 2) | <u>3,430,098</u>           |
| Total federal awards per schedule   | <u><u>\$ 5,178,525</u></u> |

**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, 2025 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 January 20, 2026.

**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.



Tampa, Florida  
January 20, 2026

**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, 2025. 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, 2025.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the 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  
January 20, 2026

