

## **North Texas Food Bank**

Consolidated Financial Statements  
and Supplementary Information  
and Single Audit Reports and Schedules

June 30, 2025



## TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 30
Supplementary Information	
Independent Auditor's Report on Supplementary Information	32
Consolidating Statement of Financial Position	33 - 34
Consolidating Statement of Activities	35
Single Audit Reports and Schedules	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37 - 38
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	39 - 41
Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards	43
Schedule of Findings and Questioned Costs	44 - 45
Summary Schedule of Prior Audit Findings	46



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Texas Food Bank

### **Opinion**

We have audited the accompanying consolidated financial statements of North Texas Food Bank (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of North Texas Food Bank as of June 30, 2025, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Texas Food Bank 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 these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 consolidated 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 consolidated 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 North Texas Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Texas Food Bank's ability to continue as a going concern for a reasonable period of time.

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

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 10, 2026, on our consideration of the Organization'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 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 Organization'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 Organization's internal control over financial reporting and compliance.



Dallas, Texas

February 10, 2026

North Texas Food Bank  
Consolidated Statement of Financial Position  
June 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	\$ 3,313,751
Convenience fees receivable, net	8,260
Pledges receivable, net	3,818,080
Other receivables, net	4,752,437
Investments	142,568,663
Inventory of food and commodities	6,795,514
Prepaid expenses and other assets	<u>1,350,015</u>
Total current assets	<u>162,606,720</u>
Noncurrent assets	
Right of use assets	46,846
Pledges receivable, net of current	3,637,935
Property and equipment, net	<u>34,757,816</u>
Total noncurrent assets	<u>38,442,597</u>
Total assets	<u>\$ 201,049,317</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 6,657,037
Operating lease liability, current	<u>38,832</u>
Total current liabilities	<u>6,695,869</u>
Long-term liabilities	
Operating lease liability, net of current	<u>8,015</u>
Total long-term liabilities	<u>8,015</u>
Total liabilities	<u>6,703,884</u>
Net assets	
Without donor restrictions	
Without donor restrictions	132,717,135
Board designated net assets	<u>30,659,247</u>
Total without donor restrictions	163,376,382
With donor restrictions	<u>30,969,051</u>
Total net assets	<u>194,345,433</u>
Total liabilities and net assets	<u>\$ 201,049,317</u>

The accompanying notes are an integral part of these consolidated financial statements.

North Texas Food Bank  
Consolidated Statement of Activities  
For the Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Public support			
Contributions	\$ 39,620,770	\$ 10,582,035	\$ 50,202,805
In-kind contributions	2,620,823	-	2,620,823
Donated food and commodities	-	197,669,404	197,669,404
Total public support	<u>42,241,593</u>	<u>208,251,439</u>	<u>250,493,032</u>
Grants - Government	12,830,792	-	12,830,792
Revenue			
Convenience fee	134,945	-	134,945
Investment income, net	8,139,857	1,410,570	9,550,427
Gain on put option	7,010,700	-	7,010,700
Other revenue	362,115	-	362,115
Total revenue	<u>15,647,617</u>	<u>1,410,570</u>	<u>17,058,187</u>
Net assets released from restriction	<u>208,887,230</u>	<u>(208,887,230)</u>	<u>-</u>
Total revenues, gains, and other support	<u>279,607,232</u>	<u>774,779</u>	<u>280,382,011</u>
Functional expenses			
Program services	249,935,554	-	249,935,554
Management and general	4,930,555	-	4,930,555
Fundraising	10,633,245	-	10,633,245
Total functional expenses	<u>265,499,354</u>	<u>-</u>	<u>265,499,354</u>
Change in net assets	14,107,878	774,779	14,882,657
Net assets, beginning of year	<u>149,268,504</u>	<u>30,194,272</u>	<u>179,462,776</u>
Net assets, end of year	<u>\$ 163,376,382</u>	<u>\$ 30,969,051</u>	<u>\$ 194,345,433</u>

The accompanying notes are an integral part of these consolidated financial statements.

North Texas Food Bank  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 8,919,341	\$ 2,238,875	\$ 3,512,315	\$ 14,670,531
Employee benefits	2,421,885	405,502	799,706	3,627,093
Payroll taxes	627,744	153,551	250,266	1,031,561
Total personnel expenses	<u>11,968,970</u>	<u>2,797,928</u>	<u>4,562,287</u>	<u>19,329,185</u>
Professional services	831,132	1,773,129	339,904	2,944,165
Supplies	553,692	5,382	19,069	578,143
Postage	2,493	681	32,474	35,648
Occupancy	1,209,946	6,531	27,998	1,244,475
Telephone and internet	154,340	13,476	29,248	197,064
Equipment maintenance	446,009	168,367	102,434	716,810
Insurance	191,042	10,659	12,709	214,410
Donated food distributed	201,313,509	-	-	201,313,509
Purchased food distributed	24,547,267	-	-	24,547,267
Vehicle and forklift expenses	1,206,683	184	257	1,207,124
Conference and travel	4,989	4,550	8,561	18,100
Promo, printing and publications	32,505	478	5,285,090	5,318,073
Grants to agencies	3,519,265	-	-	3,519,265
Miscellaneous	1,162,651	51,732	67,026	1,281,409
Total expenses before depreciation and amortization	<u>247,144,493</u>	<u>4,833,097</u>	<u>10,487,057</u>	<u>262,464,647</u>
Depreciation and amortization	<u>2,791,061</u>	<u>97,458</u>	<u>146,188</u>	<u>3,034,707</u>
	<u>\$ 249,935,554</u>	<u>\$ 4,930,555</u>	<u>\$ 10,633,245</u>	<u>\$ 265,499,354</u>

The accompanying notes are an integral part of these consolidated financial statements.

North Texas Food Bank  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2025

Cash flows from operating activities	
Cash received from contributions, grants and cost reimbursements	\$ 63,045,857
Cash received from partner agencies for convenience fees	135,901
Other cash payments	335,443
Interest and dividends	5,581,278
Interest paid	(69,851)
Cash paid to employees and suppliers	<u>(61,115,322)</u>
Net cash provided by operating activities	<u>7,913,306</u>
Cash flows from investing activities	
Purchases of property and equipment	(4,793,972)
Loss on disposal of property and equipment	(16,930)
Proceeds from the sale of investments	51,096,872
Purchase of investments	<u>(53,855,636)</u>
Net cash used in investing activities	<u>(7,569,666)</u>
Cash flows from financing activities	
Purchase of put option	(1,000)
Cash from capital campaign	<u>58,884</u>
Net cash provided by financing activities	<u>57,884</u>
Net increase in cash and cash equivalents	401,524
Cash and cash equivalents, beginning of year	<u>2,912,227</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,313,751</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

1. NATURE OF OPERATIONS

North Texas Food Bank (Organization or NTFB) is a hunger relief organization that distributes donated, purchased and prepared foods through a network of more than 500 partner agencies and organizations in 12 counties. The Organization supports the nutritional needs of children, families and seniors through education, advocacy, and strategic partnerships. The Organization's revenues and other support are derived principally from contributions and federal and state grants and its activities are conducted principally in the North Texas area.

The financial statements are prepared on a consolidated basis and include NTFB – Perot Family Campus (NTFB-PFC) and Feeding North Texas Foundation (FNTF).

NTFB-PFC was organized in June 2017 as a Texas nonprofit corporation to facilitate financing in the New Markets Tax Credit Program and build a distribution facility for use by the Organization.

FNTF serves to raise funds and hold investments to benefit and support the purposes of the Organization. The consolidating statements of financial position and activities of all three entities are presented as additional information in the supplemental consolidating schedule. All significant interorganizational balances and transactions have been eliminated in consolidation.

The Organization continued investing the remaining funds from its 2017 Stop Hunger Build Hope capital campaign toward Network Expansion. During the year ended June 30, 2025, \$2,844,000 was spent toward these efforts, including \$1,607,000 in grants to approximately 74 partner agencies. These grants helped fund trucks, refrigerators, freezers, warehouse equipment, facility improvements, and operating costs.

The Organization also completed its five-year Nourish North Texas strategic campaign during the year ending June 30, 2025. The strategic plan, “Food for Today – Hope for Tomorrow”, focused on maximizing food distribution while also developing new approaches to address the root causes of food insecurity. During the last five years of the campaign, NTFB doubled its distribution to meet the growing needs of our community, providing access to 118 million physical meals in our most recent fiscal year. The Organization also continued its work on alleviating the root causes of hunger by exploring innovative initiatives that provide neighbors with job skills training, health care and more. Additionally, NTFB deepened the use of data to better understand the neighbors served.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

*Net assets without donor restrictions* - these amounts are free from donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

*Net assets with donor restrictions* - these amounts are subject to donor-imposed restrictions which either expire with the passage of time, will be fulfilled for the intended purpose pursuant to those provisions, or are perpetual in nature.

Use of estimates

The preparation of the consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America ("U.S. 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 consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consisted primarily of cash held in the Organization's checking accounts. The Organization does not consider uninvested cash equivalents held in investment accounts as cash equivalents.

At June 30, 2025, the Organization's, consolidated cash accounts exceeded federally insured limits by approximately \$3,064,000.

Convenience fees receivable

The Organization charges recipient partner agencies convenience fees to help offset the cost for certain services provided by the Organization upon request, including the production of kitted meal boxes, kitted produce bags, and expedited orders. Fees ranged from \$2 to \$250 depending on the item or service provided.

Partner agencies receive the donated food and other grocery products from NTFB and redistribute them at no cost, to assist needy and hungry neighbors in their communities. The Organization also distributed donated food and other products at no cost to affiliate food bank organizations. These food banks redistribute the products to their client organizations to meet similar needs in their communities.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Convenience fees receivable (continued)

Convenience fees receivable are recorded based on the amount of consideration from partner agencies for which the Organization has an unconditional right to receive. The Organization provides an allowance for expected credit losses based on a review of outstanding receivables, historical collection information, and existing economic conditions. Convenience fees receivable are due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are pursued based on individual credit evaluation and specific circumstances of the partner agency.

Other receivables

Other receivables consist primarily of amounts due from government agencies and represent amounts due to the Organization under cost-reimbursement contracts. These receivables are considered fully collectible and therefore, the Organization does not consider an allowance necessary at June 30, 2025.

Investments and net investment return

Investments are carried at fair value. Investment return includes dividends, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external expenses.

Investment return is reflected in the consolidated statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. The Organization capitalizes items with a useful life of more than one year and a cost exceeding \$5,000. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	39 years
Leasehold improvements	5 - 15 years
Machinery and equipment	5 - 10 years
Office furniture and fixtures	3- 10 years
Software	3 - 5 years

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases are recorded as right-of-use ("ROU") assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid, or deferred rent, and lease incentives.

The Organization uses a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term. The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Leases with an initial term of 12 months or less are not recorded on the consolidated statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

The Organization combines lease and non-lease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings and leased equipment.

Long-lived asset impairment

The Organization evaluates the value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested and the estimated future undiscounted cash flow from the use and eventual disposition of the asset is less than the carrying value, the asset cost is adjusted to fair value, and an impairment loss is recognized. No asset impairment was recognized during the year ended June 30, 2025.

Contributions

Contributions are made to the Organization either with or without restrictions imposed by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

*Conditional gifts, with or without donor restriction* - Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds. Conditional gifts are not recognized until the donor-imposed condition is satisfied (i.e., the donor-imposed barrier is met) and right of release/right of return no longer exists.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions (continued)

*Unconditional gifts, with or without donor restriction* - Gifts, such as cash and other assets, are recognized at fair value on the date the gift is received. Donated property, equipment, and long-lived assets are recognized at estimated fair value. Gifts expected to be collected within one year are recognized at net realizable value. Gifts expected to be collected in future years are reported at fair value using the discounted present value of estimated future cash flows.

When a donor stipulated time restriction ends or the purpose restriction is fulfilled, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are restricted initially by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations that are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Inventory pricing

Inventories consist of donated and purchased products for distribution. Donated products are valued per pound at the average of the national wholesale prices, as determined by Feeding America. Purchased products are valued at their purchase cost, determined under the first-in, first-out method.

Government grants

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue in the period the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as refundable advances in the consolidated statement of financial position.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Organization, NTFB-PFC and FNTF are exempt from income taxes under Section 501 of the Internal Revenue Code ("IRC") and a similar provision of state law. However, the Organization, NTFB-PFC, and FNTF are subject to federal income tax on any unrelated business taxable income as defined by the IRC. The Organization, NTFB-PFC, and FNTF file tax returns in the U.S. federal jurisdiction.

Functional expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function for the year ended June 30, 2025. Certain costs have been allocated among the program, management and general, and fundraising categories based on relative payroll, headcount, and square footage occupied, as well as other methods.

3. GRANT COMMITMENTS

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

The following are grant commitments as of June 30, 2025, and the amount remaining to be drawn through the remainder of the grant period:

<u>Grants</u>	<u>Term</u>	<u>Grant Amount</u>	<u>Earned as of June 30, 2025</u>	<u>Funding Available</u>
Federal Grant				
Emergency Food Assistance Program	10/1/24-9/30/25	\$ 1,146,030	\$ 1,146,030	\$ -
Commodity Supplemental Food Program	10/1/24-9/30/25	767,415	473,324	294,091
Supplemental Nutrition Assistance Program	10/1/24-9/30/25	1,528,567	1,139,453	389,114
Supplemental Nutritional Assistance Program Education	10/1/24-9/30/25	<u>221,300</u>	<u>169,540</u>	<u>51,760</u>
		<u>3,663,312</u>	<u>2,928,347</u>	<u>734,965</u>
State Grants:				
Texas Department of Agriculture	10/31/23-9/30/25	<u>2,922,241</u>	<u>2,922,241</u>	<u>-</u>
		<u>\$ 6,585,553</u>	<u>\$ 5,850,588</u>	<u>\$ 734,965</u>

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

4. INVESTMENTS

Investments at June 30, 2025, consisted of the following:

Common stocks	\$ 29,804,664
Money market funds	26,450,486
Fixed income	<u>86,313,513</u>
	<u><u>\$ 142,568,663</u></u>

Total net investment return is comprised of the following:

Interest and dividend income	\$ 5,537,679
Net realized and unrealized gain on investments reported at fair value	<u>4,381,599</u>
	9,919,278
Management fees	<u>(368,851)</u>
	<u><u>\$ 9,550,427</u></u>

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis, and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025:

	Level 1	Level 2	Level 3	Fair Value
Common stock	\$ 29,804,664	\$ -	\$ -	\$ 29,804,664
Money market funds	26,450,486	-	-	26,450,486
Fixed income	<u>86,313,513</u>	<u>-</u>	<u>-</u>	<u>86,313,513</u>
	<u><u>\$142,568,663</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$142,568,663</u></u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

4. INVESTMENTS (continued)

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2025.

Where quoted market prices are available in an active market, common stock, money market funds, and fixed income are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of common stock, money market funds, and fixed income with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization has no Level 3 investments at June 30, 2025.

5. PLEDGES RECEIVABLE

Long-term grants and pledges receivables were discounted to net present value using a discount rate ranging from 2.3-4.8%. Pledges receivable with donor restrictions for the year ended June 30, 2025, for the North Texas Food Bank (NTFB) consisted of the following:

Due within one year	\$ 1,833,500
Less allowance for doubtful accounts	<u>(36,670)</u>
	<u>1,796,830</u>
Due in one to five years	3,787,600
Less allowance for doubtful accounts	(101,752)
Less discount	<u>(131,698)</u>
	<u>3,554,150</u>
	<u><u>\$ 5,350,980</u></u>

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

5. PLEDGES RECEIVABLE (continued)

Long-term grants and pledges receivables were discounted to net present value using a discount rate of 3.9%. Pledges receivable with donor restrictions for the year ended June 30, 2025, for the Feeding North Texas Foundation (FNTF) consisted of the following:

Due within one year	\$ 2,062,500
Less allowance for doubtful accounts	<u>(41,250)</u>
	<u>2,021,250</u>
Due in one to five years	87,500
Less allowance for doubtful accounts	(1,750)
Less discount	<u>(1,965)</u>
	<u>83,785</u>
	<u>\$ 2,105,035</u>

Reconciliation of pledges to the consolidated statement of financial position at June 30, 2025 are as follows:

Current pledges receivable	
NTFB pledges due within one year	\$ 1,796,830
FNTF pledges due within one year	<u>2,021,250</u>
	<u>3,818,080</u>
Noncurrent pledges receivable	
NTFB pledges due within one to five years	3,554,150
FNTF pledges due within one to five years	<u>83,785</u>
	<u>3,637,935</u>
	<u>\$ 7,456,015</u>

6. NEW MARKETS TAX CREDIT PROGRAM

Notes receivable

The Organization entered into a New Markets Tax Credit financing agreement on September 6, 2017, for the purpose of building the Perot Family Campus facility in conjunction with the Organization's capital campaign.

As part of the financing, the Organization agreed to lend \$16,838,300 to USBCDC Investment Fund 205, LLC ("Investment Fund"). The note is secured by the Investment Fund's membership interest in Pacesetter CDE XXXVII, LLC ("Pacesetter CDE"), TMF Sub-CDE XXVI, LLC ("TMF 1 CDE"), and TMF Sub-CDE XXVII, LLC ("TMF 2 CDE") (collectively, "the CDEs") and other cash accounts held by a secured party.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

6. NEW MARKETS TAX CREDIT PROGRAM (continued)

Notes receivable (continued)

At any time after the seventh anniversary and before the eighth anniversary of the note receivable, U.S. Bancorp Community Development Corporation can exercise its “put option” to sell its interest in the USBCDC Investment Fund 205, LLC to the Organization for \$1,000.

The interest rate on the note consists of a fixed rate of 1.43%. Interest is payable quarterly beginning September 2017 until September 2047. All principal and unpaid interest is due and payable in September 2047.

Interest earned on notes receivable in 2025 was approximately \$43,600, which is included in other revenue in the accompanying consolidated statement of activities.

Notes payable

North Texas Food Bank (NTFB-PFC) executed loan agreements on September 6, 2017, that provide for borrowings of \$9,000,000, \$7,425,000, and \$7,425,000 from Pacesetter CDE, TMF 1 CDE, and TMF 2 CDE, respectively. The loans were to finance the build of the Perot Family Campus facility and are intended to be treated as a "qualified low-income community investment" for purposes of generating new market tax credits under Section 45D of the Internal Revenue Code of 1986, as amended. The loans are secured by a property deed of trust, security agreement, and a guaranty by the Organization.

Each loan accrues interest at 1.6%, payable quarterly beginning in September 2017 and continuing through September 30, 2047. Interest recognized as expense was approximately \$70,000 in 2025.

Financing and unwind

On September 6, 2024, U.S. Bancorp Community Development Corporation exercised its “put option” to sell its interest in the USBCDC Investment Fund 205, LLC to the Organization for \$1,000. The Organization exercised its option and purchased the interest, becoming the sole owner of the Investment Fund.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

6. NEW MARKETS TAX CREDIT PROGRAM (continued)

Notes payable (continued)

The North Texas Food Bank dissolved the USBCDC Investment Fund 205, resulting in the forgiveness of debt owned by NTFB PFC and the write-off of the loan receivable due to NTFB. The net gain on put option for the year ending June 30, 2025, was \$6,054,186:

Note payable to Pacesetter CDE	\$ 9,000,000
Note payable to TMF 1 CDE	7,425,000
Note payable to TMF 2 CDE	<u>7,425,000</u>
	23,850,000
Less: USBCDC note receivable	(16,838,300)
Less: unamortized debt issuance costs	(956,514)
Less: put option	<u>(1,000)</u>
	<u><u>\$ 6,054,186</u></u>

The benefit received by the Organization from the New Markets Tax Credit Program over the seven-year financing arrangement, net of interest paid and fees, was approximately \$4.5 million.

7. PROPERTY AND EQUIPMENT

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

Depreciable assets	
Buildings and improvements	\$ 26,890,656
Transportation equipment	9,505,707
Computer equipment and software	2,601,950
Office furniture and fixtures	1,709,510
Machinery and equipment	<u>1,227,555</u>
	<u>41,935,378</u>
Land	6,806,414
Construction in progress	<u>1,211,181</u>
Less accumulated depreciation and amortization	<u>(15,195,157)</u>
	<u><u>\$ 34,757,816</u></u>

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

8. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2025, have been designated for the following purposes:

Undesignated	\$ 132,717,135
Board Designated - NTFB	16,014,610
Board Designated - Endowment	<u>14,644,637</u>
	<u>\$ 163,376,382</u>

In fiscal year 2021, the Board of Directors of the North Texas Food Bank designated \$18,900,000 in certain net assets without donor restrictions for specific purposes above and beyond the annual operating budget. Approximately \$2,885,400 of these funds have been used as of June 30, 2025.

- \$5,794,710 – Innovation and Transformation – Facility improvements for increased productivity, technology, new unbudgeted initiatives, and other opportunities.
- \$7,719,900 – Partnership and Trust – Network expansion, community partnerships, emergency network funding request, food purchasing.
- \$2,500,000 – Dallas Farmers Market Location – the approximate net present value of 15 years of lease payments for the Dallas Farmers Market location, beginning July 2025.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025, are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:

Donor restricted - endowment	\$ 18,882,871
Inventory	4,828,187
Albertsons innovation	2,962,072
Senior delivery	145,689
Retail partnership strategy	96,800
Disaster relief	93,225
Neighborhood access	75,000
Costco food purchases	45,454
Technology upgrades	18,350
Starbucks equity	4,430
Warehouse management system	<u>3,373</u>
	<u>27,155,451</u>

Subject to the passage of time

Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>3,813,600</u>
	<u>3,813,600</u>
	<u>\$ 30,969,051</u>

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors, during the year ended June 30, 2025, as follows:

Expiration of time restrictions:	<u>\$ 2,228,400</u>
Satisfaction of purpose restrictions	
Inventory	201,313,512
Capital campaign	1,176,427
Food-4-Kids	866,939
Feeding children	775,677
Feeding families	680,266
Peanut butter purchases	369,402
Feeding America retail	336,658
Partner agency grants	250,000
Warehouse management system	234,387
Starbucks food share	184,735
Senior delivery	119,311
Feeding America sourcing	77,218
Costco food purchase	52,519
School pantry	49,062
Albertsons innovation	37,928
Feeding seniors	25,200
College hunger	25,000
Service insights	22,761
Capital	22,648
Compassion corsicana	20,000
Feeding America advocacy	5,000
Supplemental Nutrition Assistance Program	5,000
Starbucks equity	3,330
Jan's garden	3,000
Intern	1,850
Mobile pantry	1,000
	<u>206,658,830</u>
	<u>\$ 208,887,230</u>

10. ENDOWMENT

The Feeding North Texas Foundation ("Foundation") exists to raise and invest funds to support the North Texas Food Bank (NTFB) and holds the endowment. The endowment includes donor-restricted funds and NTFB board-designated funds set aside for capital expenditures or other financial purposes.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

10. ENDOWMENT (continued)

As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Foundation's Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Funds are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in determining to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that aim to provide a predictable stream of funding for programs supported by its endowment while maintaining the purchasing power of those assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the Foundation diversifies its investments, subject to practical constraints, across a variety of asset classes to achieve a balance that enhances total real return while avoiding undue risk concentration in any single asset class or investment category.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

10. ENDOWMENT (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2025.

Spending policy

Donor Restricted Funds - The Foundation's goal is to distribute up to 4% annually of the average net asset value of the donor-restricted endowment funds to NTFB for use in its general operations, pending Board of Directors approval. No distributions were made during the fiscal year ending June 30, 2025.

Board Designated Fund – From time to time, the NTFB board may grant funds to the Foundation, with the provision that these funds be accessible to NTFB in the event of an emergency or for other strategic purposes. In addition, the Foundation's goal is to distribute up to 4% annually of the average net asset value of the donor-restricted endowment funds to NTFB for its general operations, pending Board of Directors approval. No distributions were made during the fiscal year ending June 30, 2025.

Under the current policy adopted in September 2021, the withdrawal or use of board-designated funds in excess of the annual distribution to NTFB requires approval by both NTFB and the Foundation's Board of Directors. During the fiscal year ended June 30, 2025, no board-restricted funds were granted to the Foundation by NTFB, and no board-restricted funds were withdrawn from the Foundation to support the NTFB.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 18,882,871	\$ 18,882,871
Board-designated endowment funds	<u>14,644,637</u>	<u>-</u>	<u>14,644,637</u>
	<u>\$ 14,644,637</u>	<u>\$ 18,882,871</u>	<u>\$ 33,527,508</u>

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

10. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, beginning of year	\$ 12,383,602	\$ 17,198,317	\$ 29,581,919
Investment income	1,261,035	1,410,571	2,671,606
Contributions	<u>1,000,000</u>	<u>273,983</u>	<u>1,273,983</u>
Balance, end of year	<u>\$ 14,644,637</u>	<u>\$ 18,882,871</u>	<u>\$ 33,527,508</u>

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Donor-restricted funds place greater emphasis on equity-based investments for long-term growth, while board-designated funds are invested for principal preservation and accessibility.

11. LIQUIDITY AND AVAILABILITY

The following quantitative disclosure describes assets that are available, or expected to be available, within one year of June 30, 2025, to fund general expenditures and obligations as they become due:

Cash and cash equivalents	\$ 3,313,751
Convenience fee receivable	8,260
Pledges receivable, net	3,818,080
Other receivables	4,752,437
Investments	<u>142,568,663</u>
	154,461,191
Less: donor-imposed restrictions not expected to be used in next year	(4,135,397)
Less: endowment assets held by Feeding North Texas Foundation	(33,527,508)
Less: board designated net assets	<u>(16,014,610)</u>
	<u>\$ 100,783,676</u>

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

11. LIQUIDITY AND AVAILABILITY (continued)

The Organization receives significant contributions restricted by donors and considers contributions restricted for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. As of June 30, 2025, \$3,122,596 of these financial assets available are expected to be used by these programs within one year.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term needs, including operating, capital campaign, and strategic plan spending, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

12. LEASES

The Organization has entered into the following lease arrangements:

Operating leases

NTFB had a lease for office space that expired August 2024, with a month-to-month extension term. The Organization continued renting the office space monthly, awaiting completion of new office space in 2025.

In May 2022, the Organization entered into a 10-year lease for office space to commence upon the completion of the premises, which was completed in July 2025. NTFB has an option to extend the lease term for two successive terms of sixty months each. The monthly lease payments (guaranteed rental and common area maintenance) escalate 2.5% annually and are included in the value of future lease payments noted below.

NTFB also leases tractors and trailers as needed for food distribution, as well as forklifts and office equipment such as copiers and postage machines.

All leases

The Organization has a related party lease for the food distribution center and volunteer center from NTFB-PFC. The related party right-of-use asset and related liabilities have been eliminated in consolidation.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

12. LEASES (continued)

Quantitative disclosures

The lease cost and other required information for the year ended June 30, 2025, are:

Operating lease costs	\$	59,555
Short-term lease costs		<u>67,289</u>
		<u><u>\$ 126,844</u></u>

Other information:

Weighted average remaining lease term	
Operating leases	1.0 years
Weighted average discount rate	
Operating leases	4.90 %

Future minimum lease payments, including the 10-year office lease which commenced in July 2025, are as follows:

<u>Year ending June 30,</u>		
2026	\$	214,380
2027		189,759
2028		183,575
2029		187,379
2030		192,063
Thereafter		<u>1,034,787</u>
		2,001,943
Less: present value discount		<u>(383,655)</u>
		<u><u>\$ 1,618,288</u></u>

13. COMPENSATED ABSENCES

The Organization's employees are entitled to paid personal days off depending on job classification, length of service, and other factors. At June 30, 2025, the accrued expenses for compensated absences included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position were \$975,863.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

14. RETIREMENT PLANS

Beginning the first month following one year of employment during which the employee works a minimum of 1,000 hours, the Organization contributes 5 percent of the eligible employee's salary or wages into a 403(b) individual retirement account. However, employees may begin making pretax contributions to the plan through payroll deduction at any time up to the maximum allowed under Internal Revenue Service regulations. The expense for this plan was \$601,212 for the year ended June 30, 2025.

The Organization has a 457(b) deferred compensation plan for its five executive officers. The Organization contributes a percentage of these executives' compensation annually, and they may also make contributions. The assets and liabilities of the Plan are recorded at market value as investments and accrued expenses in the accompanying consolidated statement of financial position.

The Organization also has a 457(f) deferred compensation plan for its chief executive officer.

15. SIGNIFICANT ESTIMATE AND CONCENTRATIONS

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

*Contributions* - A significant portion of support and revenue is received through grants from the United States Department of Agriculture (administered by the Texas Department of Agriculture), the Texas Department of Agriculture, and the Texas Department of Health and Human Services. For the year ended June 30, 2025, approximately 24% of total support was received from these grants. The Organization derives its remaining revenue mainly from public contributions and shared maintenance revenue. Continued funding from these sources at current levels is dependent on various factors. Such factors include economic conditions, compliance with grant provisions, government approval, new legislation, donor satisfaction, and public perception of mission effectiveness and relative importance.

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

*Litigation* - The Organization is subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the Organization's financial position, results of operations, or cash flows.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

*Convenience Fee Revenue* - Performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to customers and the Organization does not believe it is required to provide additional goods or services related to that sale. The exchange portion of convenience fee revenue was \$134,945 for the year ended June 30, 2025.

*Transaction Price & Recognition* - The Organization determines the transaction price depending on the item or service provided. Fees during the fiscal year ended June 30, 2025, ranged from \$2 to \$250 per item or service provided. There are no explicit or implicit price concessions, and the contracts do not contain a significant financing component or variable consideration. The Organization has not incurred material refunds in the past and, accordingly, has not provided for a refund liability as of June 30, 2025. For the year ended June 30, 2025, the Organization recognized no revenue from goods or services that transfer to the customer over time.

17. CONTRIBUTED NON-FINANCIAL ASSETS, STOCKS, AND GIFT CARDS

For the year ended June 30, 2025, contributed non-financial assets recognized within the consolidated statement of activities included:

Food	\$ 197,669,404
Public support - in-kind	
Professional services	1,805,491
Stocks	354,747
Gift cards	280,125
Event goods and services	180,460
	2,620,823
	\$ 200,290,227

*Food and Commodities* – In addition to receiving cash contributions, the Organization receives in-kind contributions of food and other products from various donors. In-kind donations of products, the related inventory, and the cost of donated food distributed are valued at an average of the national wholesale prices as determined by Feeding America. The Organization received approximately 116 million pounds valued at \$197,669,404 during the year ended June 30, 2025. The average price per pound for the fiscal year ending June 30, 2025 was \$1.74. Related expenses are included in donated food distributed in the consolidated statement of functional expenses.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

17. CONTRIBUTED NON-FINANCIAL ASSETS, STOCKS, AND GIFT CARDS (continued)

*Professional Services* – The contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. For the year ended June 30, 2025, revenue recognized from contributed services totaled \$1,805,491. Services included consulting, legal, advertising, and project management services. Related expenses are included in professional services on the consolidated statement of functional expenses.

*Stock* – The Organization received \$354,747 in donated stock. Donated stock is valued based on the average market price on the date received. Stock is liquidated upon receipt in compliance with the Organization's investment policy. Proceeds from the sale of stock are used for operations, unless restricted by the donor. There were no restricted stock donations for the year ended June 30, 2025. Of the stock received, none was donated to the Feeding North Texas Foundation.

*Gift Cards* – The Organization also received \$280,125 in gift cards. These cards were given by donors for the purchase of food and other operational expenses. Approximately \$280,000 in gift cards were given by one donor, which the Organization is granting to its various partner agencies to assist with food purchases. Related expenses are included in supplies on the consolidated statement of functional expenses.

*Event Goods and Services* – The Organization receives donated goods and services used for fundraising. These include items for auction and services to host donor events. These donated goods and services are valued based on the fair market price provided by the donor or another third party used by the Organization to run the auction and assist in organizing the event. Related expenses are included in supplies on the consolidated statement of functional expenses.

*Volunteer time* - A substantial number of volunteers donate significant amounts of their time to enable the Organization to meet its mission. For the year ended June 30, 2025, volunteers donated approximately 97,200 hours of their services. Management estimates the value of volunteer services at approximately \$1,458,000 based on the fair market value of such services. The value of volunteer hours was not recognized as revenues or expenses during the year ended June 30, 2025.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. It is the Organization's policy to utilize the food and commodities, gift cards, professional services, and event services for programming and administration of those programs. The Organization's policy is to monetize donated stock and goods through auction resale.

North Texas Food Bank  
Notes to Consolidated Financial Statements  
June 30, 2025

18. MISCELLANEOUS INCOME

The Organization reached an agreement with the Tarrant Area Food Bank ("TAFB") to transition its support of Denton County entirely to the Tarrant Area Food Bank effective January 1, 2025. The decision came after two years of research and evaluation on the best way to close the hunger gap in Denton County. The transition included roughly 34 partner agencies, including certain public support, grants and donated food provided by donors and government agencies who support these agencies.

Under the agreement, the Organization received \$335,000 to partially offset investments the North Texas Food Bank had made in building partner agency capacity in Denton County. The funds received are included in other revenue in the accompanying consolidated statement of activities.

19. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 10, 2026, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
North Texas Food Bank

We have audited the consolidated financial statements of North Texas Food Bank as of and for the year ended June 30, 2025 and our report thereon dated February 10, 2026, which expressed an unmodified opinion on those financial statements, appears on page 1-3. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 33 - 35 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Armanino LLP*

Dallas, Texas

February 10, 2026

North Texas Food Bank  
Consolidating Statement of Financial Position  
June 30, 2025

ASSETS					
	<u>NTFB</u>	<u>NTFB-PFC</u>	<u>FNTF</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,840,382	\$ 240,017	\$ 233,352	\$ -	\$ 3,313,751
Convenience fees receivable, net	8,260	-	-	-	8,260
Pledges receivable, net	1,796,830	-	2,021,250	-	3,818,080
Other receivables, net	4,752,437	1,445,959	-	(1,445,959)	4,752,437
Investments	111,379,542	-	31,189,121	-	142,568,663
Investments in subsidiaries	20,199,556	-	-	(20,199,556)	-
Inventory	6,795,514	-	-	-	6,795,514
Prepaid expenses and other assets	<u>1,350,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350,015</u>
Total current assets	<u>149,122,536</u>	<u>1,685,976</u>	<u>33,443,723</u>	<u>(21,645,515)</u>	<u>162,606,720</u>
<b>Noncurrent assets</b>					
Right of use assets	23,259,825	-	-	(23,212,979)	46,846
Pledges receivable, net of current	3,554,150	-	83,785	-	3,637,935
Property and equipment, net	<u>14,798,277</u>	<u>19,959,539</u>	<u>-</u>	<u>-</u>	<u>34,757,816</u>
Total noncurrent assets	<u>41,612,252</u>	<u>19,959,539</u>	<u>83,785</u>	<u>(23,212,979)</u>	<u>38,442,597</u>
 Total assets	 <u>\$190,734,788</u>	 <u>\$ 21,645,515</u>	 <u>\$ 33,527,508</u>	 <u>\$ (44,858,494)</u>	 <u>\$201,049,317</u>

North Texas Food Bank  
Consolidating Statement of Financial Position  
June 30, 2025

LIABILITIES

	NTFB	NTFB-PFC	FNTF	Eliminating Entries	Total
Current liabilities					
Accounts payable and accrued expenses	\$ 6,657,037	\$ -	\$ -	\$ -	\$ 6,657,037
Operating lease liability, current	<u>38,832</u>	-	-	-	<u>38,832</u>
Total current liabilities	<u>6,695,869</u>	-	-	-	<u>6,695,869</u>
Long-term liabilities					
Operating lease liability, net of current	<u>23,220,994</u>	-	-	<u>(23,212,979)</u>	<u>8,015</u>
Total long-term liabilities	<u>23,220,994</u>	-	-	<u>(23,212,979)</u>	<u>8,015</u>
Total current liabilities	<u>29,916,863</u>	-	-	<u>(23,212,979)</u>	<u>6,703,884</u>
Net assets					
Net assets without donor restrictions	148,731,745	21,645,515	14,644,637	(21,645,515)	163,376,382
Net assets with donor restrictions	<u>12,086,180</u>	-	<u>18,882,871</u>	-	<u>30,969,051</u>
Total net assets (deficit)	<u>160,817,925</u>	<u>21,645,515</u>	<u>33,527,508</u>	<u>(21,645,515)</u>	<u>194,345,433</u>
 Total liabilities and net assets	 <u>\$190,734,788</u>	 <u>\$ 21,645,515</u>	 <u>\$ 33,527,508</u>	 <u>\$ (44,858,494)</u>	 <u>\$201,049,317</u>

North Texas Food Bank  
Consolidating Statement of Activities  
For The Year Ended June 30, 2025

	<u>NTFB</u>	<u>NTFB-PFC</u>	<u>FNTF</u>	<u>Eliminating Entries</u>	<u>Total</u>
Revenues, gains, and other support					
Contributions	\$ 49,927,455	\$ 1,366	\$ 273,984	\$ -	\$ 50,202,805
In-kind contributions	2,620,823	-	-	-	2,620,823
Donated food and commodities	197,669,404	-	-	-	197,669,404
Government grants and cost reimbursements	12,830,792	-	-	-	12,830,792
Convenience fee	134,945	-	-	-	134,945
Investment income	6,878,822	-	2,671,605	-	9,550,427
Gain on put option	(16,839,300)	23,850,000	-	-	7,010,700
Income from subsidiary	23,608,323	-	-	(23,608,323)	-
Other revenue	<u>362,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,115</u>
Total revenues, gains, and other support	<u>277,193,379</u>	<u>23,851,366</u>	<u>2,945,589</u>	<u>(23,608,323)</u>	<u>280,382,011</u>
Functional expenses					
Program	250,692,511	243,043	(1,000,000)	-	249,935,554
Management and general	4,930,555	-	-	-	4,930,555
Fundraising	<u>10,633,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,633,245</u>
Total functional expenses	<u>266,256,311</u>	<u>243,043</u>	<u>1,000,000</u>	<u>-</u>	<u>265,499,354</u>
Changes in net assets (deficit)	10,937,068	23,608,323	3,945,589	(23,608,323)	14,882,657
Net assets (deficit), beginning of year	<u>149,880,857</u>	<u>(1,962,808)</u>	<u>29,581,919</u>	<u>1,962,808</u>	<u>179,462,776</u>
Net assets (deficit), end of year	<u>\$160,817,925</u>	<u>\$ 21,645,515</u>	<u>\$ 33,527,508</u>	<u>\$ (21,645,515)</u>	<u>\$194,345,433</u>

SINGLE AUDIT REPORTS AND SCHEDULES



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

To the Board of Directors  
North Texas Food Bank

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 consolidated financial statements of North Texas Food Bank (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated February 10, 2026.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of 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 Organization's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Armanino LLP".

Dallas, Texas

February 10, 2026



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

To the Board of Directors  
North Texas Food Bank

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

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

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

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

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

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

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness 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.

A handwritten signature in black ink that reads "Armano LLP". The signature is written in a cursive, flowing style.

Dallas, Texas

February 10, 2026

North Texas Food Bank  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>				
U.S. Department of Agriculture				
Passed through Texas Department of Agriculture Food Distribution Cluster				
Commodity Credit Corporation - administrative costs	10.187	01572	\$ -	\$ 10,943
Commodity Credit Corporation - commodities	10.187	01572	11,870,395	11,870,395
Commodity Supplemental Food Program - administrative costs	10.565	01572	-	587,830
Commodity Supplemental Food Program - commodities	10.565	01572	4,735,640	4,735,640
Emergency food assistance program - administrative costs	10.568	01572	-	1,162,848
Emergency food assistance program - commodities	10.569	01572	36,490,320	36,490,320
COVID-19 - Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182	None	-	5,901,666
			<u>53,096,355</u>	<u>60,759,642</u>
Total Program Name			<u>53,096,355</u>	<u>60,759,642</u>
Passed through the Texas Health and Human Services Commission SNAP Cluster:				
Food stamp education outreach program	10.551	None	-	1,483,641
Food stamp nutrition education program	10.561	None	-	199,122
Total Program Name			<u>-</u>	<u>1,682,763</u>
Total U.S. Department of Agriculture			<u>53,096,355</u>	<u>62,442,405</u>
U.S. Department of Treasury				
Passed through the Texas Department of Agriculture COVID-19 - Coronavirus State and Local Fiscal Recovery Fund				
Emergency food and shelter national board program (ARRA)	21.027	None	-	1,367,874
	97.114	None	-	140,000
Total U.S. Department of Treasury			<u>-</u>	<u>1,507,874</u>
Total Expenditures of Federal Awards			<u>\$ 53,096,355</u>	<u>\$ 63,950,279</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

North Texas Food Bank  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2025

1. BASIS OF PRESENTATION

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

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 allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. FEDERAL LOAN PROGRAMS

The Organization did not have any federal loan programs during the year ended June 30, 2025.

5. SUBRECIPIENTS AND CONTRACTORS

During the year, the Organization operated as the monitoring and administrative agent of a large contract for the Texas Department of Agriculture Food. Responsibilities under this contract included the monitoring of partnered agencies with which its program distributes food. Of the federal expenditures in the attached schedules, \$53,096,355 was provided to these partnered agencies for the year ended June 30, 2025.

6. NON-FINANCIAL SUPPORT

During the year ended June 30, 2025, the Organization received \$50,024,415 from in-kind food that was donated from federal sources and passed-through to the Organization.

North Texas Food Bank  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>AL Number</u>
Food Distribution Cluster	
Commodity Supplemental Food Program	10.565
Emergency Food Assistance Program (Food Commodities)	10.569
Emergency Food Assistance Program (Administrative Costs)	10.568
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$1,918,508
Auditee qualified as low-risk auditee?	Yes

North Texas Food Bank  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

North Texas Food Bank  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2025

There were no prior year findings.