

CONNECTICUT FOODSHARE, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023



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CONNECTICUT FOODSHARE, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Connecticut Foodshare, Inc.
Wallingford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Connecticut Foodshare, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Foodshare, Inc. as of June 30, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Connecticut Foodshare, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Connecticut Foodshare, Inc.'s ability to continue as a going concern for one year after the date 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 GAAS 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 GAAS 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 Connecticut Foodshare, Inc.'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 Connecticut Foodshare, Inc.'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of Connecticut Foodshare, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Connecticut Foodshare, Inc.'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 Connecticut Foodshare, Inc.'s internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

West Hartford, Connecticut
October 25, 2024

CONNECTICUT FOODSHARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,769,287	\$ 1,216,446
Investments	33,168,124	35,181,703
Contributions Receivable, Net	133,695	223,786
Government Grants Receivable	1,941,585	808,732
Accounts Receivable	274,843	79,131
Donated Food Inventory	2,447,576	2,372,902
Purchased Food Inventory	399,174	428,135
Prepaid Expenses and Other Assets	459,025	483,293
Land, Building, and Equipment, Net	13,388,085	14,269,531
Right-of-Use Assets - Operating	415,657	518,550
Right-of-Use Assets - Financing	<u>1,045,884</u>	<u>33,909</u>
Total Assets	<u><u>\$ 56,442,935</u></u>	<u><u>\$ 55,616,118</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,192,871	\$ 1,754,845
Lease Liability - Operating	417,855	519,977
Lease Liability - Financing	1,069,989	34,358
Deferred Revenue and Other Liabilities	<u>1,161,586</u>	<u>568,863</u>
Total Liabilities	3,842,301	2,878,043
NET ASSETS		
Without Donor Restrictions:		
Designated	48,020,931	49,563,695
Undesignated	<u>808,470</u>	<u>-</u>
Total Without Donor Restrictions	48,829,401	49,563,695
With Donor Restrictions	<u>3,771,233</u>	<u>3,174,380</u>
Total Net Assets	<u><u>52,600,634</u></u>	<u><u>52,738,075</u></u>
Total Liabilities and Net Assets	<u><u>\$ 56,442,935</u></u>	<u><u>\$ 55,616,118</u></u>

See accompanying Notes to Financial Statements.

CONNECTICUT FOODSHARE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Donated Food:		
Donated Food	\$ 66,330,880	\$ 62,761,267
Donated Food Distributed	(90,543,039)	(75,231,407)
Subtotal	(24,212,159)	(12,470,140)
Net Assets Released from Restrictions	24,216,559	12,276,095
Changes in Net Assets Without Donor Restrictions - Donated Food	4,400	(194,045)
Revenues and Gains - Operations:		
Contributions	19,176,338	20,185,354
Net Realized and Unrealized Gain (Loss) on Investments	2,447,654	1,896,537
Dividend and Interest Income	793,627	850,248
Buying Club	3,594,632	570,389
Miscellaneous Revenue	2,250	48,372
Subtotal	26,014,501	23,550,900
Net Assets Released from Restrictions	5,537,583	4,375,344
Total Revenues and Gains Without Donor Restrictions - Operations	31,552,084	27,926,244
Expenses - Operations:		
Program Services:		
Food Collection and Distribution	20,261,762	23,345,145
Outreach	4,148,539	4,034,825
Supporting Services:		
Management and General	4,552,463	4,612,224
Fundraising	3,328,014	3,173,355
Total Expenses - Operations	32,290,778	35,165,549
Changes in Net Assets Without Donor Restrictions - Operations	(738,694)	(7,239,305)
Decrease in Net Assets Without Donor Restrictions	(734,294)	(7,433,350)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Donated Food:		
Donated Food	24,470,990	11,584,183
Net Assets Released from Restrictions	(24,216,559)	(12,276,095)
Changes in Net Assets With Donor Restrictions - Donated Food	254,431	(691,912)
Operations:		
Contributions	745,176	579,643
Governmental Grants	5,134,829	3,392,203
Net Assets Released from Restrictions	(5,537,583)	(4,375,344)
Changes in Net Assets With Donor Restrictions - Operations	342,422	(403,498)
Increase (Decrease) In Net Assets With Donor Restrictions	596,853	(1,095,410)
DECREASE IN NET ASSETS	(137,441)	(8,528,760)
Net Assets - Beginning of Year	52,738,075	61,266,835
NET ASSETS - END OF YEAR	<u>\$ 52,600,634</u>	<u>\$ 52,738,075</u>

See accompanying Notes to Financial Statements.

CONNECTICUT FOODSHARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services		
	Food Collection and Distribution	Outreach	Total Program Services	Management and General	Fundraising	Total
Donated Food Distributed	\$ 90,543,039	\$ -	\$ 90,543,039	\$ -	\$ -	\$ 90,543,039
Salaries	3,948,817	1,834,343	5,783,160	2,073,613	1,221,439	9,078,212
Payroll Taxes and Related Benefits	1,361,805	661,755	2,023,560	656,023	468,857	3,148,440
Other Food Collection Expenses	6,233,035	-	6,233,035	-	-	6,233,035
Purchased Food	4,276,571	-	4,276,571	-	-	4,276,571
Repairs and Maintenance	956,622	17,610	974,232	708,887	89,046	1,772,165
Contributions to Other Organizations	-	1,324,941	1,324,941	-	-	1,324,941
Development and Miscellaneous:						
Fundraising Event Expenses	-	-	-	-	1,188,878	1,188,878
Depreciation and Amortization	867,611	57,936	925,547	79,246	73,737	1,078,530
Trucks	903,260	-	903,260	-	-	903,260
Other Personnel Expenses	737,427	16,741	754,168	120,704	23,774	898,646
Occupancy and Technology Costs	435,381	-	435,381	243,755	-	679,136
Professional Fees	21,349	55,133	76,482	284,868	6,300	367,650
Credit Card, Bank, and Investment:						
Management Fees	-	-	-	92,187	200,363	292,550
Supplies	193,401	25,530	218,931	37,181	44	256,156
Other	36,656	65,587	102,243	65,257	15,647	183,147
Donated Goods and Services	150,000	-	150,000	-	-	150,000
Travel	35,581	60,068	95,649	27,774	15,120	138,543
Telephone	15,360	12,270	27,630	89,994	4,400	122,024
Interest	50,950	-	50,950	2,253	-	53,203
Printing	9,963	1,577	11,540	26,320	12,256	50,116
Conferences and Training	7,078	15,048	22,126	13,886	8,153	44,165
Postage	-	-	-	30,515	-	30,515
Feeding America Fees	20,895	-	20,895	-	-	20,895
Total Functional Expenses	<u>\$ 110,804,801</u>	<u>\$ 4,148,539</u>	<u>\$ 114,953,340</u>	<u>\$ 4,552,463</u>	<u>\$ 3,328,014</u>	<u>\$ 122,833,817</u>

See accompanying Notes to Financial Statements.

CONNECTICUT FOODSHARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services		
	Food Collection and Distribution	Outreach	Total Program Services	Management and General	Fundraising	Total
Donated Food Distributed	\$ 75,231,407	\$ -	\$ 75,231,407	\$ -	\$ -	\$ 75,231,407
Salaries	4,069,092	1,563,127	5,632,219	1,908,441	1,197,185	8,737,845
Payroll Taxes and Related Benefits	1,314,771	558,053	1,872,824	697,262	407,859	2,977,945
Other Food Collection Expenses	5,293,849	-	5,293,849	-	-	5,293,849
Purchased Food	8,715,934	-	8,715,934	-	-	8,715,934
Repairs and Maintenance	926,653	17,160	943,813	906,576	90,796	1,941,185
Contributions to Other Organizations	-	1,693,270	1,693,270	-	-	1,693,270
Development and Miscellaneous:						
Fundraising Event Expenses	-	-	-	-	1,157,054	1,157,054
Depreciation and Amortization	875,522	58,977	934,499	69,759	75,061	1,079,319
Trucks	837,123	-	837,123	-	-	837,123
Other Personnel Expenses	282,383	19,770	302,153	124,052	46,220	472,425
Occupancy and Technology Costs	461,056	-	461,056	129,593	-	590,649
Professional Fees	15,450	480	15,930	436,052	7,757	459,739
Credit Card, Bank, and Investment:						
Management Fees	-	-	-	41,270	122,171	163,441
Supplies	360,955	25,436	386,391	20,631	738	407,760
Other	59,388	34,165	93,553	98,959	31,406	223,918
Travel	32,295	36,330	68,625	17,266	19,979	105,870
Telephone	14,600	8,017	22,617	96,680	3,680	122,977
Interest	4,264	-	4,264	410	-	4,674
Printing	11,492	3,558	15,050	21,571	944	37,565
Conferences and Training	33,088	13,878	46,966	16,036	12,505	75,507
Postage	100	2,604	2,704	27,666	-	30,370
Feeding America Fees	37,130	-	37,130	-	-	37,130
Total Functional Expenses	<u>\$ 98,576,552</u>	<u>\$ 4,034,825</u>	<u>\$ 102,611,377</u>	<u>\$ 4,612,224</u>	<u>\$ 3,173,355</u>	<u>\$ 110,396,956</u>

See accompanying Notes to Financial Statements.

CONNECTICUT FOODSHARE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (137,441)	\$ (8,528,760)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Realized and Unrealized Gain on Investments	(2,501,048)	(1,976,085)
Depreciation and Amortization	1,078,530	1,079,319
Donated Food Received and Distributed, Net	(74,674)	875,285
(Increase) Decrease in Operating Assets:		
Handling and Buying Club Fees Receivable, Net	(195,712)	(3,568)
Contributions Receivable, Net	90,091	(213,785)
Government Grants Receivable	(1,132,853)	595,575
Purchased Food Inventory	28,961	422,043
Prepaid Expenses and Other Assets	24,268	(152,372)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(561,974)	(735,506)
Deferred Revenue and Other Liabilities	592,723	(165,948)
Net Cash Used by Operating Activities	<u>(2,789,129)</u>	<u>(8,803,802)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales of Investments	4,514,627	4,025,781
Purchases of Land, Building and Equipment	<u>(48,679)</u>	<u>(407,696)</u>
Net Cash Provided by Investing Activities	4,465,948	3,618,085
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Obligation Under Finance Leases	<u>(123,978)</u>	<u>(93,768)</u>
Net Cash Used by Financing Activities	<u>(123,978)</u>	<u>(93,768)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,552,841	(5,279,485)
Cash and Cash Equivalents - Beginning of Year	<u>1,216,446</u>	<u>6,495,931</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,769,287</u></u>	<u><u>\$ 1,216,446</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u><u>\$ 53,203</u></u>	<u><u>\$ 4,674</u></u>

See accompanying Notes to Financial Statements.

**CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Connecticut Foodshare, Inc. (the Organization) was incorporated in 1982 as a nonstock, nonprofit corporation. Its mission is to deliver an informed and equitable response to hunger by mobilizing community partners, volunteers, and supporters. It represents the collaboration, compassion, openness, perseverance, and a deep appreciation for Connecticut and its people that are necessary to effectively address food insecurity in the communities served.

Adoption of New Accounting Standards

During the year ended June 30, 2024, the Organization adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Organization, are reported in the following net asset categories:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These assets represent resources that may be expended at the discretion of the board of directors. The Organization reports its changes in net assets without donor restrictions in two categories: donated food and operations.

The board has identified the following designations of net assets without donor restrictions as of June 30:

	2024	2023
Investments in Land, Building, and Equipment	\$ 13,388,085	\$ 14,269,531
Investments	33,168,124	35,181,703
Food Distribution	1,464,722	112,461
Total Designated Net Assets Without Donor Restrictions	<u>\$ 48,020,931</u>	<u>\$ 49,563,695</u>

Net Assets With Donor Restrictions – Net assets with donor restrictions represent resources that have donor-imposed restrictions as to purpose or time of expenditure.

Use of Estimates

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

CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of 90 days or less and cash in banks to be cash equivalents, exclusive of certain cash and short-term investments held in brokerage accounts, which are considered to be investments. The Organization maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Short-Term Investments

Short-term investments include money market funds, for which the cost approximates the fair value.

Investment Valuation and Income Recognition

Investments are reported at fair value. 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. See Note 2 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized loss on investments includes the Organization's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses and investment income are classified as increases and decreases in net assets without donor restriction.

The Organization has an investment policy with the intended objective of achieving balance between growth and income and to achieve market rates of return. Funds not designated for capital expenditure and not expected to be needed for a minimum of seven years may be invested on a long-term basis. The Organization annually determines the amount to be invested long term. The investment portfolio consists of investments in equity mutual and exchange traded funds and bond mutual and exchange traded funds.

Inventory

Donated and purchased food inventory consists of perishable and nonperishable foods. The pricing of the donated inventory, donated food revenue and donated food distributed is determined based on a study commissioned by Feeding America, a national food bank network, of the average wholesale value of products donated to the network. Inventory acquired is stated at the values or methods shown below:

Inventory Type	Valuation 2024	Valuation 2023
Donated Food Inventory	\$1.74/Pound	\$1.57/Pound
Donated Food and Nonfood Inventory	\$1.97/Pound	\$1.93/Pound
Purchased Inventory	Net Realizable Value	Net Realizable Value

CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Building, and Equipment

Land is stated at cost. Building and improvements, leasehold improvements, and other fixed asset acquisitions and improvements thereon that exceed \$10,000 are capitalized at cost and are depreciated on the straight-line method over their estimated useful lives as follows:

Building and Improvements	5 to 30 Years
Leasehold Improvements	5 to 10 Years
Furniture and Equipment	5 to 20 Years
Vehicles	5 to 10 Years

Leases

The Organization leases equipment, vehicles, and a warehouse. The Organization determines if an arrangement is a lease at inception. Operating leases are included in Right-of-Use Assets – Operating and Lease Liability - Operating on the statements of financial position. Finance leases are included in Right-of-Use Assets – Financing and Lease Liability – Financing on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Including Government Grants and Contracts

Certain governmental grants and contracts received by a nonprofit are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Organization. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of release from obligation) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Organization reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying statement of financial position.

Conditional government grants and contracts not recognized as revenue as of June 30, 2024 and 2023, totaled \$1,161,586 and \$733,827, respectively. Government grants and contracts are conditioned on incurring qualified program expenses.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the assets are placed in service.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on a reasonable basis. The expenses that have been allocated and method of allocation is as follows:

<u>Expense Category</u>	<u>Method Allocation</u>
Salaries, Payroll Taxes and Related Benefits	Time and Effort
Occupancy	Square Footage
Technology Costs	Full Time Equivalent
Depreciation and Amortization	Square Footage
Professional Fees	Usage

**CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

The Organization has many dedicated volunteers who have donated numerous hours of service in fundraising and community related activities. Because those donated services do not meet the recognition criteria required under accounting principles generally accepted in the United States of America, such services have not been recognized as contribution revenue and expense in the Organization's financial statements.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through October 25, 2024, which represents the date the financial statements were available to be issued.

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value as of June 30, 2024:

Mutual Funds – Valued at the closing price reported in the active market in which the individual securities are traded.

Marketable Alternatives – Valued using net asset value (NAV) as determined by the investment manager of the fund. This NAV is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class seeks long-term equity-like returns with minimal correlation to the major market average. There are no unfunded commitments related to this investment class.

There have been no changes in the methodologies used at June 30, 2024.

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

The following is a summary of the source of fair value measurements for assets that are measured at fair value as of June 30:

2024					
	Level 1	Level 2	Level 3	Instruments Measured at Net Asset Value (a)	Total
Investments:					
Money Market Funds	\$ 1,201,702	\$ -	\$ -	\$ -	\$ 1,201,702
Mutual Funds - Equity	18,380,061	-	-	-	18,380,061
Mutual Funds - Bonds	11,070,068	-	-	-	11,070,068
Marketable Alternatives	-	-	-	2,516,293	2,516,293
Total Assets at Fair Value	<u>\$ 30,651,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,516,293</u>	<u>\$ 33,168,124</u>
2023					
	Level 1	Level 2	Level 3	Instruments Measured at Net Asset Value (a)	Total
Investments:					
Money Market Funds	\$ 1,762,263	\$ -	\$ -	\$ -	\$ 1,762,263
Mutual Funds - Equity	17,566,893	-	-	-	17,566,893
Mutual Funds - Bonds	13,525,710	-	-	-	13,525,710
Marketable Alternatives	-	-	-	2,326,837	2,326,837
Total Assets at Fair Value	<u>\$ 32,854,866</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,326,837</u>	<u>\$ 35,181,703</u>

CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

NOTE 3 DONATED FOOD INVENTORY

The following is a summary of food donated and distributed for the years ended June 30:

	2024	
	Weight (in Pounds)	Estimated Wholesale Value
Donated Food Inventory - Beginning of Year	1,321,891	\$ 2,372,902
Donated Food Received	52,140,251	97,760,680
Total	53,462,142	100,133,582
Less: Food Distributed, Including Salvage and Other Adjustments	(52,150,652)	(97,686,006)
Donated Food Inventory - End of Year	<u>1,311,490</u>	<u>\$ 2,447,576</u>

	2023	
	Weight (in Pounds)	Estimated Wholesale Value
Donated Food Inventory - Beginning of Year	1,891,608	\$ 3,248,187
Donated Food Received	41,005,564	75,838,857
Total	42,897,172	79,087,044
Less: Food Distributed, Including Salvage and Other Adjustments	(41,575,281)	(76,714,142)
Donated Food Inventory - End of Year	<u>1,321,891</u>	<u>\$ 2,372,902</u>

NOTE 4 LAND, BUILDING, AND EQUIPMENT

A summary of property and equipment is as follows at June 30:

	2024	2023
Land	\$ 1,934,762	\$ 1,934,762
Building and Improvements	13,983,931	13,983,931
Leasehold Improvements	443,716	443,716
Furniture and Equipment	2,377,186	2,339,221
Vehicles	2,081,331	2,054,410
Total Property and Equipment	20,820,926	20,756,040
Less: Accumulated Depreciation and Amortization	(7,432,841)	(6,486,509)
Property and Equipment, Net	<u>\$ 13,388,085</u>	<u>\$ 14,269,531</u>

CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 LAND, BUILDING, AND EQUIPMENT (CONTINUED)

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$1,078,530 and \$1,079,319, respectively.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Subject to Expenditure for Specified Purpose:		
Donated Food	\$ 3,156,951	\$ 2,902,520
Building Solutions	463,010	-
Food Collection and Distribution	127,759	85,000
Disaster Relief	21,513	21,514
Management and General	2,000	-
Other Programs	-	160,346
Future Periods	-	5,000
Total	<u>\$ 3,771,233</u>	<u>\$ 3,174,380</u>

Net assets were released from restrictions by incurring expenses satisfying the restriction purposes or by the occurrence of other events specified by donors during the years ended June 30:

	2024	2023
Purpose Restrictions Accomplished:		
Donated Food	\$ 24,216,559	\$ 12,276,095
Government Grants	5,134,829	3,392,203
Building Solutions	222,415	159,416
Food Collection and Distribution	175,339	802,875
Management and General	5,000	15,850
Future Periods	-	5,000
Total	<u>\$ 29,754,142</u>	<u>\$ 16,651,439</u>

NOTE 6 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's primary sources of support are derived from contributions, grants, donated materials and services, and fundraising events. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include donor restricted balances, board-designated investments intended to fund future operations and local program activities not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through Board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 2,769,287	\$ 1,216,446
Investments	33,168,124	35,181,703
Accounts Receivable, Including Grants	2,216,428	887,863
Contributions Receivable	133,695	223,786
Total Financial Assets Available at Year-End	38,287,534	37,509,798
Less: Contractual or Donor-Imposed Restrictions:		
Restricted by Donors with Time or Purpose Restrictions	(614,282)	(111,514)
Designated by the Governing Board	(33,168,124)	(35,181,703)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,505,128</u>	<u>\$ 2,216,581</u>

The Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, or other obligations come due.

NOTE 7 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2024, contributed nonfinancial assets recognized in the statement of activities included:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated Food	\$ 66,330,880	Programs	No associated donor restrictions	Average wholesale value of products donated to the network as determined by a survey conducted by Feeding America
Donated Food	\$ 24,470,990	Programs	Program eligibility requirements	Average wholesale value of products donated to the network as determined by a survey conducted by Feeding America

**CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 CONTRIBUTED NON FINANCIAL ASSETS (CONTINUED)

For the year ended June 30, 2023, contributed nonfinancial assets recognized in the statement of activities included:

	Revenue Recognized	Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated Food	\$ 62,761,267	Programs	No associated donor restrictions	Average wholesale value of products donated to the network as determined by a survey conducted by Feeding America
Donated Food	\$ 11,584,183	Programs	Program eligibility requirements	Average wholesale value of products donated to the network as determined by a survey conducted by Feeding America

NOTE 8 BENEFIT PLAN

The Organization maintains a defined contribution 401(k) plan in which all employees are eligible to participate once they have met certain eligibility requirements. The Organization's contribution is a discretionary matching amount based on a percentage of any salary deferrals made by the employee. Contribution expense recognized for the years ended June 30, 2024 and 2023 was \$269,291 and \$218,764, respectively.

NOTE 9 PARTNERSHIP PROGRAM

The Organization provides financial assistance to partner programs to purchase the capital equipment needed to distribute food to hungry people, promote self-sufficiency, promote full utilization of existing federal food assistance programs and more broadly engage the community in efforts to solve hunger. Amounts distributed to partner programs were \$1,324,941 and \$1,693,270 for the years ended June 30, 2024 and 2023, respectively, and is included in the contributions to other organizations expense on the statements of functional expenses.

CONNECTICUT FOODSHARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 LEASES

The Organization leases office space, delivery trucks and copiers under long-term, noncancelable lease agreements. The leases expire at various times through January 2031. Additionally, the office space lease and truck leases generally require the Organization to pay certain property taxes and insurance costs. The following table provides quantitative information concerning the Organization's leases:

	2024	2023
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 147,634	\$ 31,974
Interest on Lease Liabilities	49,477	1,905
Operating Lease Cost	160,073	156,516
Total Lease Cost	<u>\$ 357,184</u>	<u>\$ 190,395</u>
Other Information:		
Operating Cash Flows from Finance Leases	\$ 49,477	\$ 1,905
Operating Cash Flows from Operating Leases	\$ 159,300	\$ 155,090
Financing Cash Flows from Finance Leases	\$ 124,081	\$ 37,943
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 1,159,609	\$ 38,388
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 34,017	\$ 646,268
Weighted Average Remaining Lease Term - Finance Leases	6.3 years	4.5 years
Weighted Average Discount Rate - Finance Leases	5.00%	5.00%
Weighted Average Remaining Lease Term - Operating Leases	3.2 years	4.0 years
Weighted Average Discount Rate - Operating Leases	5.00%	5.00%

A maturity analysis of annual undiscounted cash flows for operating and financing lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2025	\$ 163,511	\$ 196,957	\$ 360,468
2026	116,307	196,957	313,264
2027	107,829	196,957	304,786
2028	57,471	192,691	250,162
2029	7,113	188,425	195,538
Thereafter	-	274,940	274,940
Undiscounted cash flows	<u>452,231</u>	<u>1,246,927</u>	<u>1,699,158</u>
(Less) Imputed interest	<u>(34,373)</u>	<u>(176,941)</u>	<u>(211,314)</u>
Total present value	<u>\$ 417,858</u>	<u>\$ 1,069,986</u>	<u>\$ 1,487,844</u>

