FOOD FOR NEIGHBORS

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Food for Neighbors
Reston, VA

Opinion

We have audited the accompanying financial statements of Food for Neighbors (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities 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 Food for Neighbors as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Food for Neighbors 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.

Emphasis of Matter - Prior Year Adjustment

As discussed in Note 11 to the financial statements, the value of donated food was based on a per pound value for bulk commodities in 2023. However, management determined that as food donations to the Organization are primarily prepackaged food, the rate used should be based on retail data for similar prepackaged items. Accordingly, the 2023 financial statements were restated to update the per pound value of donated food. Our opinion is not modified with respect to this matter.

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 Food for

Neighbors' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Food for Neighbors' 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 Food for Neighbors' 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.

Hozik & Company, P.L.C.

Vienna, Virginia
June 27, 2025

FOOD FOR NEIGHBORS
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

		2024		2023
ASSETS				
Cash	$	82,677	$	88,133
Gift cards		27,178		36,886
Contributions receivable		10,584		15,660
Investments		555,929		378,548
Prepaid expenses		5,165		4,792
TOTAL ASSETS	$	681,533	$	524,019
LIABILITIES AND NET ASSETS				
Accrued expenses	$	16,213	$	7,360
NET ASSETS				
Without donor restrictions				
Undesignated		638,142		461,697
With donor restrictions		27,178		54,962
TOTAL NET ASSETS		665,320		516,659
TOTAL LIABILITIES AND NET ASSETS	$	681,533	$	524,019

See accompanying notes to financial statements

FOOD FOR NEIGHBORS
STATEMENTS OF ACTIVITIES
Years ended December 31, 2024 and 2023

	2024			Restated 2023		
REVENUE AND SUPPORT	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Contributions and grants	$ 592,679	$ -	$ 592,679	$ 418,201	$ 18,076	$ 436,277
Donated food, services and other	686,471	-	686,471	499,813	5,000	504,813
Investment income	22,381	-	22,381	12,335	-	12,335
Other income	2,610	-	2,610	-	-	-
TOTAL REVENUE AND SUPPORT	1,304,141	-	1,304,141	930,349	23,076	953,425
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of contribution restrictions	27,784	(27,784)	-	62,069	(62,069)	-
TOTAL REVENUE, SUPPORT, AND NET ASSETS RELEASED FROM RESTRICTIONS	1,331,925	(27,784)	1,304,141	992,418	(38,993)	953,425
EXPENSES						
Program	1,068,447	-	1,068,447	801,720	-	801,720
General and administrative	68,509	-	68,509	50,074	-	50,074
Fundraising	18,524	-	18,524	7,985	-	7,985
TOTAL EXPENSES	1,155,480	-	1,155,480	859,779	-	859,779
TOTAL INCREASE (DECREASE) IN NET ASSETS	176,445	(27,784)	148,661	132,639	(38,993)	93,646
NET ASSETS AT BEGINNING OF YEAR	461,697	54,962	516,659	329,058	93,955	423,013
NET ASSETS AT END OF YEAR	$ 638,142	$ 27,178	$ 665,320	$ 461,697	$ 54,962	$ 516,659

See accompanying notes to financial statements

FOOD FOR NEIGHBORS
STATEMENTS OF CASH FLOWS
Years ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 148,661	$ 93,646
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Gift cards	9,708	53,599
Contributions receivable	5,076	12,040
Prepaid expenses	(373)	(1,650)
Accrued expenses	8,853	6,318
CASH PROVIDED BY OPERATING ACTIVITIES	171,925	163,953
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments and reinvested dividends	(177,381)	(232,334)
CASH USED BY INVESTING ACTIVITIES	(177,381)	(232,334)
NET DECREASE IN CASH	(5,456)	(68,381)
CASH AT BEGINNING OF YEAR	88,133	156,514
CASH AT END OF YEAR	$ 82,677	$ 88,133

See accompanying notes to financial statements

NOTE 1 - NATURE OF ACTIVITIES

Food for Neighbors (the "Organization") was incorporated in Virginia on September 1, 2016. The Organization's mission is to end childhood hunger in the Northern Virginia area by raising awareness and community involvement. The Organization funds its programs and supporting services primarily through grants and contributions.

The Organization's primary program is the "Red Bag Program". Periodically, the community can fill a supplied Red Bag with food from the Organization's grocery list. Drivers pick up the filled bags and volunteers sort the food to distribute to local schools on the same day. Donors also make monetary donations, which enable the organization to give grocery gift cards through local schools to the families it serves.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, revenues and expenses are recognized in the period to which they relate.

Basis of Presentation

In accordance with the *Not-For-Profit Entities-Presentation of Financial Statements* sub topic of the FASB Accounting Standards Codification, the Organization reports information regarding its financial position and activities according to the following net asset classifications:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors that will be satisfied by action of the Organization or by the passage of time.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions are accounted for in accordance with the *Not-For-Profit Entities - Revenue Recognition* topic of the FASB Accounting Standards Codification. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) net assets are reclassified from net assets with donor restrictions to net asset without donor restrictions in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that are received and released in the same year are reported as contributions without donor restrictions in the statements of activities.

Donated Food, Services and Other

The Organization reports the fair value of donated food as donations without donor restrictions and, immediately thereafter, as expense when granted to schools.

The Organization reports the fair value of donated gift cards at the cash value of the gift cards.

In addition, the Organization receives donated services which are comprised of donated professional services. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as revenue and expense at their fair values in the period. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements.

Financial and Credit Risks

The Organization maintains cash balances in financial institutions, which 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.

The Organization invests in a money market mutual fund. Such investments are exposed to various market and credit risks.

Cash

Cash consists of a checking account and funds in a PayPal account.

Contributions Receivable

Unconditional contributions are recognized as revenues in the period received. Contributions are recognized only when the conditions on which they depend are substantially met and the grant becomes unconditional. Payments received for conditional contributions in advance of satisfying the conditions are recorded as refundable advances on the statements of financial position. Contributions receivable are reported in the statements of financial position at the outstanding contributions receivable balance adjusted for any write-offs and an allowance for uncollectible contributions receivable, if applicable. Contributions anticipated to be received beyond one year are discounted to their net present value at a risk adjusted rate. Contributions receivable at December 31, 2024 and 2023 are expected to be collected within one year. No allowance for doubtful contributions receivable was necessary for December 31, 2024 and 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable (Continued)

During 2023, the Organization was awarded a $12,500 cost reimbursement grant for 2024. No costs under the grant were incurred during 2023 and therefore no revenue was recognized in 2023. During 2024, the Organization recognized $12,500 in revenue from the cost reimbursement grant as allowable grant costs were incurred. During 2024, the Organization received an additional cost reimbursement grant for $11,500. The Organization recognized $10,584 in revenue under the grant as allowable grant costs were incurred.

Investments

Investments consist of a money market mutual fund. Investments are recorded in the financial statements at fair market value.

Property and Equipment

Acquisitions of property and equipment over $5,000 are capitalized. The Organization has not had any purchases of property and equipment over this threshold.

Functional Allocation of Expenses

The cost of providing program and other activities has been summarized on a functional basis in the statements of activities. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Officer compensation, contractors, and donated professional services are allocated by the estimated time and effort spent by the employee or professional in each area.

Income Taxes

The Organization is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. As of December 31, 2024, the federal and state statute of limitations remains open for the December 31, 2021 through the December 31, 2024 tax years.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 27, 2025, the date the financial statements were available to be issued. None were noted.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2024 and 2023:

	2024	2023
Financial assets at year end:		
Cash	$82,677	$88,133
Gift cards	27,178	36,886
Contributions receivable	10,584	15,660

NOTE 3 - AVAILABILITY AND LIQUIDITY (CONTINUED)

Investments	555,929	378,548
	676,368	519,227
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restrictions	(27,178)	(54,962)
Total financial assets available to meet general expenditures over the next twelve months	$649,190	$464,265

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 - INVESTMENTS AND INVESTMENT INCOME, NET

Investments at December 31, 2024 and 2023 are summarized as follows:

	2024	2023
Money market mutual fund	$555,929	$378,548

Investment income for the years ended December 31, 2024 and 2023 consists of the following:

Dividend income	$22,381	$12,335

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

The framework establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are inactive; or other

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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 for the asset or liability.

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 input and minimize the use of unobservable inputs.

The following table summarizes the valuation of the financial instruments by the above pricing levels as of December 31, 2024 and 2023:

	2024 Unadjusted quoted market prices (Level 1)	2023 Unadjusted quoted market prices (Level 1)
Money market mutual fund	$555,929	$378,548

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023 were restricted for the following purposes:

Subject to expenditure for specified purpose:	2024	2023
Arlington County Public Schools food pantries	$27,178	$31,886
Red Bag program	-	18,076
Gift card program	-	5,000
	$27,178	$54,962

For the year ended December 31, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Purpose or period restrictions accomplished:	2024	2023
Red bag	$18,076	$ -
Arlington County Public Schools food pantries	4,708	58,599
Gift cards	5,000	-
Executive Director salary	-	3,470
	$27,784	$62,069

NOTE 7 - DONATED FOOD, SERVICES AND OTHER

The Organization receives donated food primarily through its Red Bag program. During 2024 and 2023, the Organization received and distributed approximately 148,000 and 109,000 pounds of donated food, which was recorded at $4.55 and $4.42 per pound for 2024 and 2023, respectively. The fair value of food donations was based upon pounds received and a study performed by the Organization. The study involved a review of price and weights of various product categories, using weight sampling from the Organization's sorting sites and retail data from local stores, wholesale and online merchants to estimate an average value per pound. Donated food is immediately granted out to local schools for distribution

The Organization receives donations of gift cards. The gift cards are used to purchase food given to local schools for distribution to families.

The fair value of donated professional services was based on estimated hours worked and an hourly rate for each position as determined by the Board of Directors of the Organization based on comparable rates for the industry.

The fair value of the in-kind donations as for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Donated food	$671,871	$483,716
Donated gift cards	5,000	5,000
Donated professional services	9,600	13,190
Donated other	-	2,907
	$686,471	$504,813

The fair value of these in-kind donations has been recognized as a contribution and expense by the Organization in the statements of activities.

NOTE 8 - RELATED PARTY TRANSACTIONS

Transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:

	2024	2023
Contributions from Board members	$2,021	$1,200
Professional services provided by one of the founders of the Organization who is the Treasurer of the Board of Directors and serves as the Vice President of Innovation	$4,500	$3,000

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other services for the year ended December 31, 2024 are as follows:

	Program	General and administrative	Fundraising	Total
Grants and other assistance	$860,896	$ -	$ -	$860,896
Officer compensation	68,896	12,918	4,306	86,120
Contractors	91,158	28,025	5,475	124,658
Red Bag supplies	19,782	-	-	19,782
Volunteer uniforms and supplies	7,867	-	-	7,867
Donated professional services	5,100	7,833	6,049	18,982
Software and computer	14,086	1,491	1,873	17,450
Professional fees	-	9,581	-	9,581
Office expenses	662	6,374	821	7,857
Insurance	-	2,287	-	2,287
	$1,068,447	$68,509	$18,524	$1,155,480

The cost of providing the various programs and other services for the year ended December 31, 2023 are as follows:

	Program	General and administrative	Fundraising	Total
Grants and other assistance	$676,109	$ -	$ -	$676,109
Officer compensation	51,671	9,689	3,230	64,590
Contractors	15,173	12,510	1,125	28,808
Red Bag supplies	23,746	-	-	23,746
Volunteer uniforms and supplies	16,781	2,907	-	19,688
Donated professional services	6,290	6,650	550	13,490
Software and computer	11,905	646	545	13,096
Professional fees	-	8,920	-	8,920
Office expenses	45	6,322	2,535	8,902
Insurance	-	2,430	-	2,430
	$801,720	$50,074	$7,985	$859,779

NOTE 11 - PRIOR YEAR ADJUSTMENT

The December 31, 2023 financial statements were restated to update the fair value per pound of in-kind food donations for retail data for similar prepackaged items. In the 2023 audited financial statements, the fair value per pound of food donations was based on a rate for bulk commodities. However, management determined that as the majority of its donated food is prepackaged, the value should be based on retail values of similar prepackaged items. There was no change to the Organization's change in net assets as a result of the restatement. The effect of this prior year adjustment on the accompanying financial statements is summarized as follows:

NOTE 11 - PRIOR YEAR ADJUSTMENT (CONTINUED)

	As previously reported	Prior year adjustment	As restated
Statement of Activities for the year ended December 31, 2023			
Donated food, services and other	$223,712	$276,101	$499,813
Program expenses	$400,008	$276,101	$676,109