PALM BEACH COUNTY
FOOD BANK, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

For the Year Ended June 30, 2024
(with comparable totals for 2023)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Palm Beach County Food Bank, Inc.
Lake Worth Beach, Florida

Opinion

We have audited the accompanying financial statements of Palm Beach County Food Bank, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Palm Beach County Food Bank, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Palm Beach County Food Bank, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Palm Beach County Food Bank, 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 Palm Beach County Food Bank, 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 May 21, 2025, on our consideration of Palm Beach County Food Bank, 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 Palm Beach County Food Bank, 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 Palm Beach County Food Bank, Inc.'s internal control over financial reporting and compliance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of financial assistance is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Palm Beach County Food Bank, Inc.'s 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
May 21, 2025

PALM BEACH COUNTY FOOD BANK, INC. **STATEMENT OF FINANCIAL POSITION**

As of June 30, 2024 ***(with comparable totals for 2023)***

	Without Donor Restrictions	With Donor Restrictions	2024 Totals	2023 Totals
ASSETS				
Current assets:				
Cash and cash equivalents	$ 896,595	$ -	$ 896,595	$ 1,329,964
Investments	126,284	3,581,345	3,707,629	6,567,561
Accounts receivable	625,022	-	625,022	2,111,394
Pledges receivable, current portion	13,753	193,750	207,503	182,503
Food inventory	1,840,636	-	1,840,636	915,128
Prepaid expenses	101,055	-	101,055	243,197
Total current assets	3,603,345	3,775,095	7,378,440	11,349,747
Pledges receivable	-	155,000	155,000	287,500
Security deposits	22,842	-	22,842	22,842
Investments, reserve	3,070,925	-	3,070,925	-
Beneficial interest in assets held by Community Foundation	249,754	-	249,754	-
Property and equipment, net	12,745,871	-	12,745,871	6,320,578
Right-of-use assets:				
Operating leases, net	7,564,996	-	7,564,996	7,869,401
Finance leases, net	111,323	-	111,323	177,224
Total assets	$ 27,369,056	$ 3,930,095	$ 31,299,151	$ 26,027,292
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 462,400	$ -	$ 462,400	$ 141,676
Accrued expenses	126,935	-	126,935	121,720
Lease obligations, current portion				
Operating leases	182,273	-	182,273	160,930
Finance leases	52,981	-	52,981	61,450
Total current liabilities	824,589	-	824,589	485,776
Lease obligations:				
Operating leases	7,969,766	-	7,969,766	8,152,040
Finance leases	130,404	-	130,404	183,385
Total liabilities	8,924,759	-	8,924,759	8,821,201
Net assets:				
Without donor restrictions	18,444,297	-	18,444,297	13,776,278
With donor restrictions	-	3,930,095	3,930,095	3,429,813
Total net assets	18,444,297	3,930,095	22,374,392	17,206,091
Total liabilities and net assets	$ 27,369,056	$ 3,930,095	$ 31,299,151	$ 26,027,292

See accompanying notes to financial statements.

PALM BEACH COUNTY FOOD BANK, INC. **STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2024 ***(with comparable totals for 2023)***

	Without Donor Restrictions	With Donor Restrictions	2024 Totals	2023 Totals
Support and revenues:				
Governmental support	$ 1,388,817	$ 60,000	$ 1,448,817	$ 2,274,643
Foundation support	1,652,402	2,127,494	3,779,896	5,354,817
United Way allocation	3,937,165	92,296	4,029,461	3,725,005
Other contributions	2,312,308	-	2,312,308	2,059,760
Donated goods	27,139,823	-	27,139,823	20,740,875
Special event income	203,095	-	203,095	271,094
Interest and dividend income	411,124	-	411,124	132,312
Net realized and unrealized gain on investments	2,469	-	2,469	-
Change in value of assets held by Community Foundation	(246)	-	(246)	-
Total support and revenues	37,046,957	2,279,790	39,326,747	34,558,506
Net assets released from restrictions	1,779,508	(1,779,508)	-	-
	38,826,465	500,282	39,326,747	34,558,506
Expenses:				
Program services	32,861,852	-	32,861,852	27,889,618
Supporting services:				
Management and general	417,897	-	417,897	378,616
Fundraising	878,697	-	878,697	782,806
Total expenses	34,158,446	-	34,158,446	29,051,040
Change in net assets	4,668,019	500,282	5,168,301	5,507,466
Net assets, beginning of year	13,776,278	3,429,813	17,206,091	11,698,625
Net assets, end of year	$ 18,444,297	$ 3,930,095	$ 22,374,392	$ 17,206,091

See accompanying notes to financial statements.

PALM BEACH COUNTY FOOD BANK, INC. **STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2024 ***(with comparable totals for 2023)***

	2024	2023
Cash flows from operating activities:		
Cash received from:		
Governmental support	$ 1,513,318	$ 1,672,948
Private gifts and grants	11,591,036	9,360,622
Special events	203,095	271,094
Cash paid to vendors and employees	(6,387,500)	(7,811,204)
Cash paid on operating leases	(491,825)	(347,130)
Interest and dividend income	411,124	132,312
Interest expense paid	(15,336)	(20,138)
Net cash provided by operating activities	6,823,912	3,258,504
Cash flows from investing activities:		
Proceeds from sale of investments	6,574,618	-
Purchase of investments	(6,783,142)	(6,567,561)
Contributions to assets held by Community Foundation	(250,000)	-
Purchase of property and equipment	(6,797,307)	(3,332,913)
Increase in security deposits	-	(4,784)
Net cash used in investing activities	(7,255,831)	(9,905,258)
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	60,000	60,000
Principal payments on finance lease obligations	(61,450)	(65,497)
Net cash used in financing activities	(1,450)	(5,497)
Net change in cash	(433,369)	(6,652,251)
Cash and cash equivalents, beginning of year	1,329,964	7,982,215
Cash and cash equivalents, end of year	$ 896,595	$ 1,329,964

See accompanying notes to financial statements.

PALM BEACH COUNTY FOOD BANK, INC. **STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2024 ***(with comparable totals for 2023)***

	2024	2023
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 5,168,301	$ 5,507,466
Adjustments to reconcile change in net cash to net cash provided by operating activities:		
Depreciation	437,915	319,989
Net realized and unrealized gain on investments	(2,469)	-
Change in value of assets held by Community Foundation	246	-
(Increase) decrease in certain assets:		
Accounts receivable	1,486,372	(2,111,394)
Pledges receivable	47,500	(265,000)
Food inventory	(925,508)	(416,424)
Prepaid expenses	142,142	(113,585)
Operating right-of-use assets	304,405	286,476
Increase (decrease) in certain liabilities:		
Accounts payable	320,724	58,960
Accrued expenses	5,215	20,994
Refundable advances	-	(4,261)
Operating lease obligations	(160,931)	(24,717)
Net cash provided by operating activities	$ 6,823,912	$ 3,258,504

See accompanying notes to financial statements.

PALM BEACH COUNTY FOOD BANK, INC. **STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2024 ***(with comparable totals for 2023)***

	Program Services	Supporting Activities: Management and General	Supporting Activities: Fundraising	2024 Totals	2023 Totals
Salaries	$ 1,500,734	$ 191,799	$ 211,993	$ 1,904,526	$ 1,942,612
Payroll taxes	115,690	14,712	16,261	146,663	148,164
Employee benefits	295,750	37,609	41,568	374,927	321,401
Total salaries and related benefits	1,912,174	244,120	269,822	2,426,116	2,412,177
Bank card processing charges	21,361	3,348	3,700	28,409	31,057
Conference, meals, and training	22,124	2,813	3,110	28,047	24,062
Contract services	7,555	-	-	7,555	43,751
Depreciation expense	374,556	33,852	29,507	437,915	319,989
Direct mail campaign	-	-	252,573	252,573	273,944
Dues and subscriptions	15,503	1,971	2,179	19,653	17,511
Freight loads	847,499	-	-	847,499	472,792
Fundraising and public relations	-	-	190,670	190,670	120,053
Insurance	183,502	11,757	12,326	207,585	168,711
Interest expense	13,117	1,186	1,033	15,336	20,138
Kitchen operations	24,113	-	-	24,113	-
Lease expense	567,031	36,460	31,808	635,299	608,889
Lobbying expense	91,800	5,100	5,100	102,000	107,000
Occupancy expenses	405,204	36,623	31,921	473,748	378,870
Office expenses	42,674	5,430	6,001	54,105	50,225
Payroll processing charges	26,744	3,401	3,759	33,904	35,283
Professional fees and contracts	108,874	13,845	15,303	138,022	108,604
Purchased food distributed	1,575,792	-	-	1,575,792	3,156,901
Technology expenses	106,076	13,489	14,909	134,474	88,147
Telephone, fax, and internet	26,592	3,381	3,737	33,710	31,686
Travel expenses	8,812	1,121	1,239	11,172	15,537
Truck and fuel costs	112,057	-	-	112,057	93,559
Warehouse operating expenses	200,718	-	-	200,718	134,633
Total expenses before donated goods	6,693,878	417,897	878,697	7,990,472	8,713,519
Donated goods distributed	26,167,974	-	-	26,167,974	20,337,521
Total expenses	$ 32,861,852	$ 417,897	$ 878,697	$ 34,158,446	$ 29,051,040

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

The Palm Beach County Food Bank, Inc. (the "Food Bank") was established in 2012. The Food Bank collects, recovers, purchases, and distributes food to food pantries, soup kitchens, shelters, schools, and other non-profit organizations in Palm Beach County. The Food Bank is a locally led and governed food bank in Palm Beach County that distributes food to partner agencies at no cost. Serving one of the largest counties in Florida from Tequesta to Boca Raton, Belle Glade, and Pahokee to the Coast, the Food Bank successfully operates five programs:

Partner Marketplace distributes food to partner agencies on the front line of hunger relief. Food Bank's refrigerated trucks pick up and receive food donations from local farmers, distributors, and retailers. The food is brought to the Food Bank's refrigerated warehouse and sorted by volunteers.

Childhood Hunger Initiatives (CHI) – Weekend Food for Kids, Lois' Food4Kids, and School Pantries – provide school-age children who are on free/reduced-price lunch and their families with nutritious, easy-to-prepare food for the weekends. CHI gives families the opportunity to supplement their food budgets and complements meals provided by schools during the school week by providing an additional food resource.

The *Pop-Up Farmers Market* is a direct-distribution program focusing on getting healthy produce into the communities' food deserts. Biweekly, the Food Bank delivers boxes and recipe cards to those communities to supplement their groceries and expose them to healthier eating.

Groceries for Seniors partners with senior-centric community organizations to provide low-income seniors (+55) with a biweekly grocery bag of nutritious shelf-stable food and recipe cards to supplement their groceries.

The *Benefits Outreach Program* assists individuals and families with applying for the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Cash Assistance free of charge. Food Bank is one of only four organizations in Florida that provides the Department of Children & Families required federal food relief interview. The interview is conducted during a meeting with one of the Food Bank's benefits specialists, who speaks English, Spanish, and Haitian Creole.

Financial Statements Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth under FASB Accounting Standards Codification (FASB ASC) 958-205 *Not-for-Profit Entities, Presentation of Financial Statements.* Accordingly, the net assets of the Food Bank are reported in each of the following classes:

Net assets without donor restrictions: are those currently available for use in the current operations of the Food Bank under the direction of the Board of Directors.

Net assets with donor restrictions: are those subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

1. Summary of Significant Accounting Policies, continued

Basis of Accounting

The accompanying financial statements of the Food Bank have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Food Bank considers its cash and cash equivalents to include cash on hand, cash in checking accounts, and certain savings accounts. The Food Bank considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except for such similar investments that are held and remain classified within the investment portfolio.

Investments

Investments of the Food Bank are stated at fair value based on quoted prices on a national stock exchange, with the resulting realized and change in unrealized gains and losses included in the statement of activities. Investments as of June 30, 2024 consisted primarily of money market and U.S. Treasury funds.

Accounts and Pledges Receivable

Accounts receivable are recorded when services have been rendered and the granting authority has been billed. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense.

Unconditional promises to give are recognized as support in the period received. If outstanding contributions are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If outstanding contributions are to be paid to the Food Bank over a period of years, they are recorded at the present value of their estimated cash flows using an appropriate discount rate. Contributions receivable in the amount of $155,000 were due beyond one year as of June 30, 2024. No discount was recorded for receivables due in more than one year as the amount of such discount was considered immaterial.

Prepaid Expenses

The Food Banks's prepaid expenses include advance payments for subscriptions, insurance, and deposits.

1. Summary of Significant Accounting Policies, continued

Food Inventory

Food inventory consists of food and other grocery products that are valued at lower of cost or market if purchased, and at estimated fair value if donated. The estimated fair value used during the year was $1.93 per pound, which is the average wholesale value as determined by a national network of food banks. As of June 30, 2024, food inventory consisted of approximately $100 of purchased food (7,000 pounds) and $1,840,600 of donated food (953,700 pounds). In addition to a periodic change in price per pound, the ending balance of food inventory may fluctuate due to the timing of significant food donations, year-end demand, and related distribution factors.

Property and Equipment

Acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Donations of property and equipment are recorded as support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 20 years. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Support and Revenues

In accordance with FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*, contributions received, including unconditional promises, are recognized as support when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or with restrictions by the donor for specific purposes are reported as support with donor restrictions that increase that net asset class. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Program service fees are recognized as revenue in the period in which the related services commence.

Donated Goods and Services

Donated goods and services are recognized as contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. The Food Bank reports the fair value of contributed food inventory over which it has control (i.e., variance power) as public support without donor restrictions and, shortly thereafter, as expense when granted to member food banks. During the year ended June 30, 2024, the Food Bank received approximately 14,209,000 pounds of donated goods from approximately 58 donors and their subsidiaries. Contributed food inventory is reported as donated goods in the statement of activities, and as an expense under the caption donated goods distributed in the statement of functional expenses.

1. Summary of Significant Accounting Policies, continued

Donated Goods and Services, continued

Donated services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. These services are recognized in the financial statements at their estimated fair market value as gifts in-kind income and expense in the period rendered. There were no significant contributions of donated services for the year ended June 30, 2024.

Many volunteers provide services throughout the year that are not recognized as contributions in the financial statements, because the recognition criteria under FASB ASC 958-605 were not met. It is impracticable to determine the fair market value of all donated services by the volunteers of the Food Bank beyond those required to be recognized as income. However, a substantial number of volunteers donate significant amounts of their time to the Food Bank's program services and fundraising campaigns.

Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expense of those functional areas. Indirect costs that are not directly associated with providing specific services are allocated based upon the relative time spent by employees of the Food Bank providing those services.

Advertising

Advertising costs are expensed when incurred and are included within fundraising and public relations in the statement of functional expenses. The Food Bank incurred $33,700 of advertising costs during the year ended June 30, 2024.

Lobbying Expenses

The Food Bank engages a lobbyist to assist them in securing food contracts for the community, creating introductions and collaborative arrangements with other food agencies, and promoting the mission and programs offered by the Food Bank. There are no expenditures related to political elections or candidates.

Income Taxes

The Food Bank is a not-for-profit corporation that is exempt from income taxes under the Internal Revenue Code Section 501(c)(3) and comparable state law as a charitable organization, whereby only unrelated business income, as defined by the Code Section 509(a)(1) is subject to federal income tax. The Food Bank currently has no unrelated business income and, accordingly, no provision for income taxes has been recorded.

1. Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Food Bank follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a more-likely-than-not threshold. The Food Bank assesses its income tax positions based on management's evaluation of the facts, circumstances, and information available at the reporting date. The Food Bank uses the prescribed more-likely-than-not threshold when making its assessment. There are currently no open federal or state income tax years under audit.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Food Bank's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

2. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use comprise the following:

Cash and cash equivalents	$ 896,595
Investments, current	3,707,629
Accounts receivable	625,022
Pledges receivable	207,503
Financial assets available to meet general expenditures over the next 12 months	$ 5,436,749

The Food Bank is substantially supported by contributions without donor and with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Food Bank must maintain sufficient resources to meet those responsibilities to its donors.

Some of the Food Bank's net assets with donor restrictions are available for general expenditure within one year of June 30, 2024, because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Food Bank in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

The Food Bank's investment includes $3,070,925 of funds reserved by management for the long-term support of the Food Bank. Although the Food Bank does not intend to spend from these reserved investments, these amounts could be made available in the event of unanticipated financial distress, or an immediate need for liquidity.

3. Fair Value Measurement

The Food Bank follows FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs.

Fair Value of Financial Instruments: The following methods and assumptions were used by the Food Bank in estimating fair value of financial instruments that are not disclosed under ASC 820-10.

Cash and Cash Equivalents: The carrying amount reported approximates fair value.

Accounts and Pledges Receivable: The carrying amount approximates fair value due to the short-term repayment of the receivables.

Accounts Payable and Accrued Expenses: The carrying amount reported approximates fair value due to the short-term duration of the instruments.

Lease Obligations: The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

Items Measured at Fair Value on a Recurring Basis: The following valuation methodologies are used for assets measured at fair value on a recurring basis.

Investments – Valued at quoted market price of securities by the custodian as of the close of business as of June 30, 2024.

Beneficial interest in assets held by Community Foundation: Valued based on the Food Bank's proportionate share of the value of the underlying pooled investments reported by the Community Foundation.

The following table sets forth by level, within the fair value hierarchy, the Food Bank's assets at fair value as of June 30, 2024:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$ 3,777,172	$ -	$ -	$ 3,777,172
Fixed income securities	2,979,025	-	-	2,979,025
Accrued income	22,537	-	-	22,537
Total investments	6,778,734	-	-	6,778,734
Beneficial interest in assets held by Community Foundation	-	-	249,754	249,754
Total assets, at fair value	$ 6,778,734	$ -	$ 249,754	$ 7,028,488

3. Fair Value Measurement, continued

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Food Bank's beneficial interest in assets held by Community Foundation for the year ended June 30, 2024.

Balance, beginning of year	$ -
Issuances/contributions	250,000
Settlements/collections	-
Change in value	(246)
Balance, end of year	$ 249,754

4. Beneficial Interest in Assets Held by Community Foundation

On June 11, 2024, the Food Bank entered into an irrevocable nonprofit investment fund agreement with the Community Foundation for Palm Beach and Martin Counties (the "Community Foundation") to establish an agency fund for its benefit. In accordance with the agreement, the Food Bank transferred assets to the Community Foundation, which maintains legal ownership and full control over the investment, management, and administration of the fund, including the authority to redirect the use of the assets (variance power) if the Food Bank ceases to exist or is no longer a qualified charitable organization. Although the Community Foundation retains legal title and variance power, the Food Bank is the named beneficiary of the fund and is entitled to request distributions of up to 100% of the fund balance. Based on these rights, the Food Bank recognizes a beneficial interest in the assets held by the Community Foundation.

The beneficial interest is reported at fair value in the accompanying statement of financial position and is classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs, including assumptions about the timing and amount of future distributions and investment performance. As of June 30, 2024, the fair value of the beneficial interest was $249,754. Changes in fair value are recognized as changes in net assets without donor restrictions in the statement of activities.

5. Property and Equipment

Property and equipment as of June 30, 2024 consisted of the following:

Furniture and equipment	$ 296,202
Leasehold improvements	12,630,725
Motor vehicles	853,744
Warehouse equipment	267,489
	14,048,160
Less accumulated depreciation	1,302,289
Total property and equipment	$ 12,745,871

Depreciation expense for the year ended June 30, 2024, was $372,014.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of June 30, 2024, consisted of vendor payments due for general expenses and accrued salaries and vacation time.

7. Leases

Operating Leases

The Food Bank leases its office, warehouse, and future kitchen and processing space in Lake Worth Beach, Florida, under non-cancelable lease arrangements that extend through January 31, 2033, including one ten-year renewal option. The leases require minimum rentals of $39,452 per month, with annual increases of 2.75%, plus proportional common area maintenance costs.

The Food Bank also leases various equipment under non-cancelable lease arrangements that expire at different dates through December 2026.

Operating right-of-use assets as of June 30, 2024, consisted of the following:

Office and warehouse space	$ 4,049,715
Kitchen and processing space	4,028,791
Equipment	102,937
	8,181,443
Less accumulated amortization	616,447
Net operating right-of-use assets	$ 7,564,996

Operating lease obligations as of June 30, 2024, consisted of the following:

Office and warehouse space	$ 4,104,588
Kitchen and processing space	4,009,671
Equipment	37,780
	8,152,039
Less current portion	182,273
Non-current portion	$ 7,969,766

Undiscounted future lease payments under operating leases as of June 30, 2024, for each of the next five years and in the aggregate are:

2025	$ 505,786
2026	508,791
2027	509,276
2028	523,270
2029	538,377
Thereafter	9,392,533
	11,978,033
Less discount to present value	3,825,994
Present value of future lease payments	8,152,039
Less current portion	182,273
Non-current portion	$ 7,969,766

7. Leases, continued

Operating Leases, continued

Operating lease expense for the year ended June 30, 2024, consisted of the following:

	Amortization	Finance Charges	Total
Office and warehouse space	$ 141,961	$ 165,680	$ 307,641
Kitchen and processing space	141,196	161,996	303,192
Equipment	21,248	3,218	24,466
	$ 304,405	$ 330,894	$ 635,299

Discounts have been calculated using interest rates of 4% for the office, warehouse, and kitchen and processing space, and 6.50% for the equipment. These interest rates approximate the incremental borrowing rates of the Food Bank for the acquisition of the related assets at the time the leases were signed.

The weighted average lease term for the operating leases is 18.51 years. The weighted average discount rate for the operating leases is 4.01%.

Finance Leases

The Food Bank also leases motor vehicles and forklifts under finance leases that expire at different dates through February 2028. The assets and liabilities under the finance leases were recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The assets are amortized over the shorter of the lease terms or the estimated useful lives of the assets. Amortization of motor vehicles and forklifts under finance leases are included in depreciation expense in the accompanying financial statements. Depreciation of assets under finance leases charged to expense during the year ended June 30, 2024 was $65,901.

Minimum future lease payments under finance leases as of June 30, 2024 for each of the next four years are:

2025	$ 64,399
2026	56,829
2027	55,161
2028	31,216
Total minimum lease payments	207,605
Less amount representing interest	24,220
Present value of future minimum lease payments	183,385
Less current portion	52,981
Non-current portion	$ 130,404

8. Net Assets with Donor Restrictions

Unexpended net assets with donor restrictions as of June 30, 2024 were restricted for the following purposes or periods:

Subject to expenditures for a specific purpose:	
Capital purchases	$ 501,251
Childhood Hunger Initiatives	2,887,400
Pop Up Pantry	192,694
	3,581,345
Subject to the passage of time:	
Pledges receivable:	
Capital campaign	70,000
Childhood Hunger Initiatives	46,250
Groceries for Seniors	15,000
Operations	217,500
	348,750
Total net assets with donor restrictions	$ 3,930,095

9. Employee Benefit Plan

The Food Bank sponsors a tax-deferred 403(b) retirement plan for the benefit of its eligible employees. Employees may make voluntary salary deferrals to the plan, subject to limits established by the Internal Revenue Code. The Food Bank provides a matching contribution of up to 4% of eligible employee compensation, based on the amount of employee deferrals. Matching contributions totaled approximately $68,000 for the year ended June 30, 2024.

10. Concentration of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents, accounts and pledges receivable, and investments.

Food Bank maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Food Bank has not experienced any loss on its accounts and management believes the Food Bank is not exposed to any significant credit risk arising from such balances. As of June 30, 2024, the cash accounts were approximately $961,000 in excess of the FDIC limit.

Balances in the brokerage accounts are guaranteed by the Securities Investor Protection Corporation (SIPC) up to $500,000, which includes a $250,000 limit on cash. As of June 30, 2024, the security balances exceeded the SIPC insurance limit by approximately $6,256,000. The Food Bank has not experienced any losses on such accounts and management believes the Food Bank is not exposed to any significant credit risk arising from such balances.

Accounts and pledges receivable are principally from government agencies and foundations. Realization of these items is dependent on various individual economic conditions. Accounts and pledges receivable are carried at estimated net realizable values. As of June 30, 2024, management believes the Food Bank had no significant concentrations of credit risk in its accounts and pledges receivable.

11. Subsequent Events

Management has evaluated subsequent events through May 21, 2025, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.

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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 of
Palm Beach County Food Bank, Inc.
Lake Worth Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Palm Beach County Food Bank, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Palm Beach County Food Bank, Inc.'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 Palm Beach County Food Bank, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Palm Beach County Food Bank, Inc.'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 Palm Beach County Food Bank, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Holyfield & Thomas, LLC

West Palm Beach, Florida
May 21, 2025

SUPPLEMENTARY INFORMATION

PALM BEACH COUNTY FOOD BANK, INC. **SCHEDULE OF FINANCIAL ASSISTANCE**

For the Year Ended June 30, 2024

Supporting Agency and Program Title	Federal	State	Local	Total
Children's Service Council of Palm Beach County:				
Benefits Outreach	$ -	$ -	$ 262,268	$ 262,268
Operations	-	-	225,000	225,000
Childhood Hunger Initiatives	-	-	80,000	80,000
Total Children's Service Council	-	-	567,268	567,268
Palm Beach County:				
Partner Marketplace	-	-	134,589	134,589
Benefits Outreach	-	-	20,706	20,706
Community Development Block Grant	4,754	-	-	4,754
Total Palm Beach County	4,754	-	155,295	160,049
Florida Department of Agriculture and Consumer Services:				
Fresh Florida Food Products	-	250,000	-	250,000
Emergency Food Assistance	71,500	-	-	71,500
Processing Facility Construction	-	400,000	-	400,000
Total Florida Department of Agriculture and Consumer Services	71,500	650,000	-	721,500
Total financial assistance	$ 76,254	$ 650,000	$ 722,563	$ 1,448,817

See independent auditor's report.