



Midwest Food Bank, NFP

Financial Statements and
Independent Auditor's Report

For the Year Ended December 31, 2025



MIDWEST FOOD BANK, NFP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Midwest Food Bank, NFP
Normal, Illinois

Opinion

We have audited the accompanying financial statements of Midwest Food Bank, NFP (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows 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 Midwest Food Bank, NFP as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Midwest Food Bank, NFP 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 Midwest Food Bank, NFP'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 Midwest Food Bank, NFP'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 Midwest Food Bank, NFP'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 14, 2026 on our consideration of Midwest Food Bank, NFP'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 Midwest Food Bank, NFP'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 Midwest Food Bank, NFP's internal control over financial reporting and compliance.

Sikich CPA LLC

Springfield, Illinois
May 14, 2026

FINANCIAL STATEMENTS

MIDWEST FOOD BANK, NFP

STATEMENT OF FINANCIAL POSITION

December 31, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	13,142,891
Investments		6,809,424
Inventory		51,217,704
Grants receivable		604,354
Contributions receivable		8,755
Note receivable		88,800
Bequest receivable		50,000
Prepaid expenses		168,388

Total current assets 72,090,316

Cash restricted to purchase land, buildings and equipment		5,256,452
Contributions receivable, less current portion		982,502
Land, buildings and equipment, net		15,123,444
Note receivable, less current portion		366,820
Operating lease right of use assets		2,383,303

TOTAL ASSETS \$ 96,202,837

(This statement is continued on the following page.)

MIDWEST FOOD BANK, NFP

STATEMENT OF FINANCIAL POSITION (Continued)

December 31, 2025

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	415,803
Current maturities of operating leases		959,494
Accrued wages and payroll taxes		315,681
Deferred revenue		21,781

Total current liabilities 1,712,759

Long-term lease liabilities, net of current maturities 1,344,597

Total liabilities 3,057,356

NET ASSETS

Without donor restrictions		84,002,300
With donor restrictions		9,143,181

Total net assets 93,145,481

TOTAL LIABILITIES AND NET ASSETS \$ 96,202,837

See accompanying notes to the financial statements.

MIDWEST FOOD BANK, NFP

STATEMENT OF ACTIVITIES

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions and grants			
General public	\$ 14,621,632	\$ 1,899,636	\$ 16,521,268
Donated food, vehicles, equipment and services	555,457,272	-	555,457,272
Grants	1,024,785	4,917,643	5,942,428
Special events, net of costs of direct benefit to donors of \$770,998	1,712,970	-	1,712,970
Tender Mercies	23,607	-	23,607
Net investment income	1,101,369	-	1,101,369
Other	170,300	-	170,300
Change in value of charitable lead trust	-	20,231	20,231
Net assets released from restrictions	4,881,830	(4,881,830)	-
	578,993,765	1,955,680	580,949,445
EXPENSES			
Program services			
Hunger Relief	562,660,948	-	562,660,948
Disaster Relief	4,263,996	-	4,263,996
	566,924,944	-	566,924,944
Management and general	2,102,847	-	2,102,847
Fundraising	1,573,380	-	1,573,380
	570,601,171	-	570,601,171
CHANGE IN NET ASSETS	8,392,594	1,955,680	10,348,274
NET ASSETS - BEGINNING	75,609,706	7,187,501	82,797,207
NET ASSETS - ENDING	\$ 84,002,300	\$ 9,143,181	\$ 93,145,481

See accompanying notes to the financial statements.

MIDWEST FOOD BANK, NFP

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2025

	Hunger Relief	Disaster Relief	Total Program Services
Wages	\$ 2,960,005	\$ 135,703	\$ 3,095,708
Employee benefits	451,933	20,719	472,652
Payroll taxes	232,174	10,644	242,818
Donated food and supplies	544,829,766	3,525,523	548,355,289
Contributed professional truck driver services	1,146,300	9,184	1,155,484
Purchased food	3,700,006	301,717	4,001,723
Fuel	511,395	1,576	512,971
Professional fees	6,596	-	6,596
Supplies	584,066	62,736	646,802
Telephone and internet	74,575	1,987	76,562
Shipping	2,262,583	56,902	2,319,485
Occupancy	1,339,897	-	1,339,897
Repairs and maintenance	1,142,863	20,462	1,163,325
Interest	4,092	-	4,092
Insurance	404,257	13,866	418,123
Utilities	728,106	16,931	745,037
Newsletters and promotional	19,713	16,255	35,968
Purchased services	254,879	1,569	256,448
Travel	95,433	666	96,099
IT systems	414,172	18,739	432,911
Bank and credit card fees	-	-	-
Charitable contributions	8,275	-	8,275
Depreciation	1,401,620	48,193	1,449,813
In-kind advertising services	22,722	-	22,722
In-kind repairs and maintenance services	4,686	-	4,686
In-kind consulting services	1,630	-	1,630
In-kind other goods and services	1,796	13	1,809
Miscellaneous	57,408	611	58,019
Expenses before cost of sales	562,660,948	4,263,996	566,924,944
Cost of sales			
Cost of direct benefit to donors, primarily meals and supplies	-	-	-
In-kind cost of direct benefit to donors, primarily auction items	-	-	-
TOTAL	\$ 562,660,948	\$ 4,263,996	\$ 566,924,944

See accompanying notes to the financial statements.

MIDWEST FOOD BANK, NFP

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

Year Ended December 31, 2025

	Management and General	Fundraising	Cost of Sales	Total
Wages	\$ 1,334,356	\$ 907,362	\$ -	\$ 5,337,426
Employee benefits	203,729	138,536	-	814,917
Payroll taxes	104,663	71,171	-	418,652
Donated food and supplies	-	-	-	548,355,289
Contributed professional truck driver services	-	-	-	1,155,484
Purchased food	-	-	-	4,001,723
Fuel	-	-	-	512,971
Professional fees	59,362	-	-	65,958
Supplies	5,006	-	-	651,808
Telephone and internet	4,253	4,253	-	85,068
Shipping	1,997	35,950	-	2,357,432
Occupancy	27,345	-	-	1,367,242
Repairs and maintenance	4,407	-	-	1,167,732
Interest	83	-	-	4,175
Insurance	8,533	-	-	426,656
Utilities	15,205	-	-	760,242
Newsletters and promotional	8,992	134,877	-	179,837
Purchased services	14,327	13,462	-	284,237
Travel	81,594	3,626	-	181,319
IT systems	50,931	25,465	-	509,307
Bank and credit card fees	7,321	139,099	-	146,420
Charitable contributions	-	436	-	8,711
Depreciation	14,645	-	-	1,464,458
In-kind advertising services	5,681	85,209	-	113,612
In-kind repairs and maintenance services	-	-	-	4,686
In-kind consulting services	30,970	-	-	32,600
In-kind other goods and services	36	-	-	1,845
Miscellaneous	119,411	13,934	-	191,364
Expenses before cost of sales	2,102,847	1,573,380	-	570,601,171
Cost of sales				
Cost of direct benefit to donors, primarily meals and supplies	-	-	478,810	478,810
In-kind cost of direct benefit to donors, primarily auction items	-	-	292,188	292,188
TOTAL	\$ 2,102,847	\$ 1,573,380	\$ 770,998	\$ 571,372,169

See accompanying notes to the financial statements.

MIDWEST FOOD BANK, NFP

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 10,348,274
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,464,458
Unrealized gain on investments	(571,526)
Non-cash donation of property and equipment	(565,000)
Loss on disposal of land, buildings and equipment	48,942
Contributions restricted for long-term investment	(3,501,569)
Change in value of charitable lead trust	(20,231)
(Increase) decrease in operating assets:	
Inventory	(5,228,961)
Grants receivable	346,637
Contributions receivable	8,755
Note receivable	44,380
Bequest receivable	1,400,710
Prepaid expenses	(55,999)
Increase (decrease) in operating liabilities:	
Accounts payable	148,622
Accrued expenses	17,590
Deferred revenue	6,531
	<hr/>
Net cash from operating activities	3,891,613

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of land, buildings and equipment	(2,448,826)
Proceeds from sale of land, buildings and equipment	901,527
Purchase of investments	(2,713,594)
Proceeds from sale of investments	2,372,960
	<hr/>
Net cash from investing activities	(1,887,933)

See accompanying notes to the financial statements.

MIDWEST FOOD BANK, NFP

STATEMENT OF CASH FLOWS (Continued)

Year Ended December 31, 2025

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions restricted for long-term investment	\$ 3,085,459
Debt repayments	<u>(183,303)</u>

Net cash from financing activities 2,902,156

CHANGE IN CASH AND CASH EQUIVALENTS AND
RESTRICTED CASH 4,905,836

CASH AND CASH EQUIVALENTS AND RESTRICTED
CASH, BEGINNING OF YEAR 13,493,507

**CASH AND CASH EQUIVALENTS AND RESTRICTED
CASH, END OF YEAR** \$ 18,399,343

AS PRESENTED ON THE STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	\$ 13,142,891
Cash restricted to purchase land, buildings and equipment	<u>5,256,452</u>

**CASH AND CASH EQUIVALENTS AND RESTRICTED
CASH, END OF YEAR** \$ 18,399,343

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW
INFORMATION**

Cash paid during the year for interest	<u><u>\$ 4,053</u></u>
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**SUPPLEMENTAL DISCLOSURES OF NON-CASH
INVESTING ACTIVITIES**

Non-cash donations of property, equipment and capitalized services	<u><u>\$ 565,000</u></u>
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See accompanying notes to the financial statements.

MIDWEST FOOD BANK, NFP

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. NATURE OF BUSINESS

Midwest Food Bank, NFP (Organization) is a faith based nonprofit organization. It is the mission of the Organization to share the love of Christ by alleviating hunger and malnutrition locally and throughout the world and providing disaster relief; all without discrimination. The Organization currently distributes food to nearly 2,400 non-profit organizations each month. This is done from twelve locations in Illinois, Arizona, Florida, Georgia, Indiana, Texas, Pennsylvania, East Africa, Haiti, and New England. The Organization is structured to provide service opportunities and operate through the work of volunteers.

The Organization provides services through the following programs:

Hunger Relief - The Organization serves non-profit organizations such as food pantries, soup kitchens, homeless shelters, churches and other non-profit organizations helping their community. The non-profit organizations can pick up food from a Midwest Food Bank, NFP location to then distribute to people in their communities.

Disaster Relief - The Organization has a fleet of trucks and a team of volunteer drivers who stand ready. Food donations are picked up from across the country and delivered to one of the facilities. Volunteers pack the boxes, load them on semis and drive them to affected areas. As a first responder, the Organization can have family food boxes on the road to a disaster site within 24 hours of a request. Each food box has enough food to feed a family of four for four to five days.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (USGAAP).

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and Currency Exchange

The functional currency of the Organization is U.S. dollars. East African transactions and balances were converted to U.S. dollars using a monthly average conversion rate. Building and equipment purchases were converted at the exchange rate on the date of purchase. Ending cash balances were converted at the exchange rate at December 31, 2025.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to purchase land, building and equipment are excluded from this definition.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain (loss) is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, net of external and direct internal investment expenses which are nominal due to the types of investments held.

Allowance for Credit Losses - Held-to-Maturity Securities

Management measures expected credit losses on held-to-maturity securities on a collective basis by major security type. The held-to-maturity securities held by the Organization consist of certificates of deposit with maturity dates greater than 90 days. The certificates of deposit are fully insured by FDIC and therefore the Organization expects zero credit loss and believes no allowance for credit loss is adequate. The held-to-maturity securities are presented within investments on the statement of financial position.

Inventory

Donated inventory is stated at an estimated fair value based upon published prices, vendors, donors, and other sources. Generally, donated inventory on hand is tracked and valued based on value per case depending upon the specific food or supply item. The method is applied consistently. The per-case valuation is reassessed quarterly utilizing the most relevant cost information available. Purchased inventory is valued at cost.

Grants Receivable

Grants receivable are amounts due from granting agencies for the portion of grant monies earned but not yet received by the Organization. Management determines the allowance for doubtful accounts by regularly evaluating individual grants receivable. Grants receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. As of December 31, 2025, all grants receivable were considered collectible, and no allowance was recorded. The grants receivable are expected to be received within one year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bequest Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined all are collectible; therefore, no provision for uncollectible accounts has been made. The bequest receivable is expected to be received within one year.

Contributions Receivable

The Organization's beneficial interest in a charitable lead trust is reported at fair value, which is estimated using an income approach based on assumptions developed by the Organization about future distributions it will receive from the trust. Changes in fair value of the contribution receivable are reflected in the with donor restrictions class of net assets. Distributions from the trust are reflected as reductions in the contribution receivable and net assets with donor-imposed time restrictions are released to net assets without donor restrictions.

Note Receivable

During 2023, the Organization entered into an agreement to loan \$500,000 to an Organization in Africa, interest free. The note will be paid in five annual payments, beginning in 2025. Any remaining unpaid balance will be paid in a balloon payment in the last year of the note.

Management estimates expected credit losses primarily by using a probability-of-default methodology. The allowance is based on a combination of specific circumstances, credit and market conditions, reasonable and supportable forecasts of future economic conditions and the history of write-offs and collections. Based on information available, the Organization believes an allowance for credit losses would be immaterial to the financial statements at December 31, 2025. However, actual write-offs may exceed the recorded allowance.

Property and Equipment

Property and equipment are stated at cost or if donated, at the fair value at the date of donation. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Land, building and equipment expenditures of \$5,000 or less are charged to expense when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Depreciation is computed on the straight-line basis of depreciation over the estimated useful lives of the assets as follows:

Buildings and improvements	15-40 years
Warehouse equipment	5-7 years
Trucks and trailers	7 years
Office and miscellaneous equipment	5-7 years

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue with the donor's unconditional commitment is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

A portion of the Organization's revenue is derived from federal, state and other grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are conditional and not recognized as revenue until the Organization has incurred qualifying expenditures in compliance with the grant provisions. Conditional grants received but not earned during the year ended December 31, 2025 are reported as refundable grant advance on the statement of financial position. There were no refundable grant advances at December 31, 2025. As of December 31, 2025, the Organization had conditional grant awards of approximately \$210,533. These awards are conditional upon incurring allowable expenditures under the grants.

The Organization received donations of food and other goods for use in its programs, collectively gifts-in-kind. These donations are recorded at their estimated fair value based upon the Organization's estimate of the wholesale values that would be received for selling the goods in their principal market, considering their condition and utility for use at the time the goods are donated. Several methodologies are used in the determination of estimated wholesale value, include wholesale values provided by the donor, published industry pricing guides, internally researched values, and internal average values for like-kind items.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers

Special Events Revenue - The portion of special events revenue that relates to commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

Significant Judgments - There are no significant judgments involved in the recognition of revenue at a point in time based on the delivery of services.

Contract Assets and Liabilities - The timing of revenue recognition, billing and cash collections results in billed accounts receivable (contract assets) and deferred revenue (contract liabilities) on the statement of financial position. There were no contracts assets or contract liabilities as of December 31, 2025 and January 1, 2025.

Advertising

Advertising costs, which primarily consist of direct mail appeals and related postage, are expensed as incurred and were \$179,837 during the year ended December 31, 2025.

Income Taxes

The Organization is organized as an Illinois nonprofit corporation and has been recognized by the IRS and State of Illinois as exempt from income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A), and has been determined not to be a private foundation. The Organization files various federal and state non-profit tax returns. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2022.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - Net assets without donor restrictions include all resources that are expendable at the discretion of the Board of Directors (Board) and/or management for general operating purposes or the Organization's programs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

With Donor Restrictions - Net assets with donor restrictions consist of resources whose use is limited by donor-imposed time and/or purpose restrictions. The Organization's donor-imposed restrictions are temporary in nature, such as those which will be met by the passage of time or other events specified by the donor. When a donor restriction expires, that is, when a stipulated restriction ends or when the stipulated purpose for which the resource was restricted has been fulfilled, the net assets are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of detail of expenses by function. Wages, employee benefits, and payroll taxes have been allocated based on employee time studies. Donated food and supplies, contributed professional truck driver services, purchased food, fuel, professional fees, and shipping are reported by function based on direct identification. Supplies, telephone and internet, occupancy, repairs and maintenance, interest, insurance, utilities, newsletters and promotional, travel, IT systems, bank and credit card fees, charitable contributions, depreciation, in-kind advertising services, in-kind repairs and maintenance services, in-kind consulting services, in-kind other goods and services, and miscellaneous are allocated by direct identification as possible and based on management's estimate of usage, based on the purpose of the underlying expenses and estimated square footage as applicable. Purchased services are allocated based on a combination of direct identification, estimated square footage, and allocated based on the payroll allocation, based on the underlying nature of the individual services.

Credit Risk

The Organization maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The approximate credit risk in excess of federal insured limits at December 31, 2025 was \$1,328,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. Credit risk associated with promises to give is considered to be limited due to high historical collection rates. Investments are made by an investment manager whose performance is monitored by management. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes the investment guidelines are prudent for the long-term welfare of the Organization.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic Dependence

Contributed food and supplies donors - In 2025, the largest three food and supplies donors accounted for approximately 31% of the food and supplies donations received by the Organization.

Leases

The Organization leases real estate and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current maturities of operating leases, and long-term lease liabilities on the statement of financial position. The Organization does not have any finance leases as of December 31, 2025.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses its incremental borrowing 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 such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as real estate, the Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization has elected to apply the short-term lease exemption to one of the classes of underlying assets: warehouse, office, and miscellaneous equipment. In 2025, there was no short-term lease expense.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, the incremental borrowing rate, which is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by Organization assets. Determining a credit spread as secured by Organization assets may require significant judgement.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, nonrecognized subsequent events).

The Organization has evaluated subsequent events through May 14, 2026, the date on which the financial statements were available to be issued and determined that there were no significant nonrecognized subsequent events through that date.

3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its general operating needs while also striving to maintain sufficient reserves to meet operating needs during periods of uncertainty and to assume longer term commitments will continue to be met. The Organization's strategy is to operate within a balanced budget that anticipates collection sufficient revenue to cover general expenditures. The Organization's annual operating cash needs are determined during the budget process. During the year, cash is monitored and evaluated monthly.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 13,142,891
Investments	6,809,424
Contributions receivable	8,755
Note receivable	88,800
Bequest receivable	50,000
Grants receivable	<u>604,354</u>
Total current financial assets	20,704,224
Less those unavailable for general expenditures within one year:	
Net assets with donor restrictions (short-term)	<u>(1,376,953)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 19,327,271</u>

The Organization considers investment income without donor restrictions and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses expected to be paid in a subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

4. CONTRIBUTIONS RECEIVABLE

During 2013, a donor established a trust with a national bank naming the Organization as a beneficiary of a charitable lead trust. The assets of the trust fund consist of investments managed by the trustees. The Organization has no control over those assets. Under terms of the split-interest agreement, the Organization is to receive an annual distribution equal to .2335% of the original fair value of assets in the trust for its unrestricted use for 15 years. After 15 years, the remaining trust assets are to be distributed to others. The value of the trust is based on the Organization's portion of the fair value of investments held by the trust, discounted at a rate of 4%. The Organization received \$8,755 from the trust in 2025.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CONTRIBUTIONS RECEIVABLE (Continued)

During 2024, a donor named the Organization as a beneficiary of a charitable remainder trust. The assets of the trust consist of real estate. Upon the later of the passing of the beneficiary or the farm tenant no longer wishing to farm the land, the trust will terminate. At that time, the land will be sold and distributed to the beneficiary organizations. The value of the trust is based on the current estimated fair value of the land within the trust.

Contributions receivable consist of:

Charitable trusts	\$ 991,257
Less collectible in less than one year	<u>(8,755)</u>
	<u>\$ 982,502</u>

5. BEQUEST RECEIVABLE

The Organization has been named as a beneficiary in one estate. The value of the bequest receivable is based upon the Organization's estimated estate assets to be distributed upon the liquidation of the estate. The bequest receivable was valued at \$50,000 at December 31, 2025.

The Organization was also named as a beneficiary in one additional estate. The Organization is a 5.7% beneficiary of a perpetual trust. As of December 31, 2025, the trust is still being finalized and the value of the trust is not known. The Organization will record this trust once sufficient information is available to determine the value.

6. LAND, BUILDINGS AND EQUIPMENT

Land	\$ 3,040,341
Buildings and improvements	14,411,339
Warehouse equipment	4,510,002
Trucks and trailers	7,015,799
Office and miscellaneous equipment	313,041
Construction in process	<u>109,396</u>
	29,399,918
Less accumulated depreciation	<u>14,276,474</u>
 LAND, BUILDINGS AND EQUIPMENT, NET	 <u>\$ 15,123,444</u>

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT

The Organization also has a line of credit with Morton Community Bank. The line of credit was for \$1,530,000, was secured by real property in McLean County, bore interest at 3%, and matured November 23, 2025. The line of credit was renewed during the year for \$3,450,000, is secured by real property in McLean County, bears interest at 5.7%, and matures on December 22, 2030. At December 31, 2025, there is no outstanding balance on this line of credit.

8. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2025, net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specific purpose	
Operations	
Other	\$ 134,092
Disaster relief	596,110
Meat program	42,145
Hope packs	33,073
Give thanks	77,631
Emergency box project	19,037
Truck and trailer purchases	10,000
Construction and property	<u>7,189,836</u>
	8,101,924
Subject to passage of time	
Bequest receivable	50,000
Contributions receivable	<u>991,257</u>
	<u>1,041,257</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 9,143,181</u></u>

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS (Continued)

8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2025:

Satisfaction of purpose restrictions	
Operations:	
Tender mercies	\$ 141,942
NYC	712
Other	1,800,995
Disaster relief	681,082
Meat program	18,355
Hope packs	455,771
Give thanks	21,089
Emergency box project	50,597
Debt pay down	50
Land, buildings and equipment:	
Truck and trailer purchases	272,003
Expiration of time restriction	<u>1,439,234</u>
 TOTAL	 <u>\$ 4,881,830</u>

9. FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

9. FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

A three-tier hierarchy categorizes the inputs as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3: Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value:

Investments (mutual funds, exchange traded funds, and stocks) - where quoted prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. Level 1 securities include mutual funds and exchange traded equities.

Beneficial interest in trust - valued at fair value of trust assets, which approximates the net present value of estimated future earnings to be received there from. See Note 4 for further information on valuation of trust.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS (Continued)

9. FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

Fair values of assets measured on a recurring basis as of December 31, 2025, are as follows:

	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds	\$ 3,864,845	\$ 3,864,845	\$ -	\$ -
Common stock	801,837	801,837	-	-
	4,666,682	\$ 4,666,682	\$ -	\$ -
Certificates of deposit, at amortized cost	2,142,742			
	<u>\$ 6,809,424</u>			
Beneficial interest in charitable lead trust	\$ 991,257	\$ -	\$ 991,257	\$ -

10. RELATED PARTY TRANSACTIONS

The Organization may purchase goods or services from companies that are affiliated with or owned by Board members directly or indirectly. Generally, items and services are purchased using a competitive process. The Organization also borrows money from a bank where a Board member is a stockholder and director. The interest expense from these loans was \$4,053 for the year ended December 31, 2025. The national board members of the Organization are considered related parties to the Organization. Contributions on the statement of activities include contributions from the national board members.

11. LEASES

The Organization has operating leases for real estate and equipment. Leases have remaining legally enforceable lease terms from January 2026 to September 2027, some of which may include options to extend the leases for up to 6 years.

The components of lease expense were as follows:

Year Ended December 31, 2025

Operating lease cost \$ 1,070,642

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS (Continued)

11. LEASES (Continued)

Other information released to leases was as follows:

Year Ended December 31, 2025

Cash paid for amounts included in the measurement
of lease liabilities:

Operating cash flows from operating leases	\$ 1,070,642
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Weighted average remaining lease term (in years):

Operating leases	2.3 years
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Weighted average discount rate:

Operating leases	4.27%
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Future minimum lease payments under non-cancellable leases as of December 31, 2025,
were as follows:

Year Ending December 31,	Operating Leases
2026	\$ 1,031,030
2027	610,315
2028	278,478
2029	292,230
2030	226,908
Total future undiscounted lease payments	2,438,961
Plus: Imputed interest	(134,870)
PRESENT VALUES OF LEASE LIABILITIES	\$ 2,304,091

Reported as of December 31, 2025

Current maturities of operating leases	\$ 959,494
Long-term lease liabilities, net of current maturities	1,344,597
	\$ 2,304,091

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS (Continued)

12. GIFTS IN KIND

The Organization received the following contributions of nonfinancial assets for the year ending December 31, 2025:

Donated food and supplies	\$ 553,579,095
Donated professional truck driver and logistics services	1,155,484
Other donated services	157,693
Donated property	565,000
	<hr/>
	555,457,272
Donated auction items (included in special events income)	292,188
	<hr/>
TOTAL CONTRIBUTED NONFINANCIAL ASSETS	<u><u>\$ 555,749,460</u></u>

Contributed services are recognized as in-kind revenues at the estimated fair value when they create or enhance nonfinancial assets, or they require specialized skills which would need to be purchased if they were not donated, and consist of donated professional truck driver and logistics services and other donated services. Estimated fair value of the services is the amount the Organization would pay for professional truck driving services and other services. Contributed services were received without donor restrictions and included in contributed professional truck driver services and in-kind goods and services on the statement of functional expenses.

Contributions of non-financial assets to be sold are recorded as income and assets available for sale when donated, and consisted of donated property during the year ended December 31, 2025. The contributed property is valued based on the sales price of the property. Contributed property was received without donor restrictions.

The Organization receives contributions of donated goods. These donations are recorded at their estimated fair value based upon the Organization's estimate of the wholesale values that would be received for selling the goods in their principal market, considering their condition and utility for use at the time the goods are donated. Several methodologies are used in the determination of estimated wholesale value, include wholesale values provided by the donor, published industry pricing guides, internally researched values, and internal average values for like-kind items. The donated goods were used in the Organization's program services. Contributed food and supplies received by the Organization are recorded as income along with a corresponding charge to expense or inventory.

The Organization receives contributions of donated goods for special events, consisting primarily of auction items. These donations are recorded at their estimate fair value based upon market prices for similar goods. These items were used in the Organization's fundraising services, and were received without donor restrictions.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS (Continued)

12. GIFTS IN KIND (Continued)

Approximately 37,000 people (unaudited) participated in the Organization's volunteer program during the year ended December 31, 2025. Community members volunteered in many capacities. A dollar valuation of their efforts is not included in the financial statements because it does not meet the criteria for recognition. However, volunteer hours for the year ended December 31, 2025, were approximately 350,000 (unaudited).

13. RETIREMENT PLAN

The Organization adopted a 401(k)-profit sharing plan (the Plan) that covers all employees. The Plan provides for discretionary matching contributions by the Organization. The Organization's contributions to the Plan for the year ended December 31, 2025, totaled \$126,722.