



NORTHEAST IOWA
FOOD BANK

Financial Statements

June 30, 2025 and 2024

**Northeast Iowa Food Bank
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Independent Auditor's Report

Board of Directors
Northeast Iowa Food Bank
Waterloo, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northeast Iowa Food Bank, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northeast Iowa Food Bank as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Northeast Iowa Food Bank's ability to continue as a going concern for one year after the date that the financial statements were 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northeast Iowa Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Iowa Food Bank's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026, on our consideration of Northeast Iowa Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northeast Iowa Food Bank'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 Northeast Iowa Food Bank's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Waterloo, Iowa
February 23, 2026

Northeast Iowa Food Bank
Statements of Financial Position
As of June 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 2,748,354	\$ 2,314,195
Trade receivables	61,345	21,326
Promises to give, net	2,447,889	1,173,418
Food inventory		
Purchased	417,757	650,482
In-kind	1,320,875	1,578,346
Prepaid expenses	109,777	158,978
Total current assets	7,105,997	5,896,745
Investments	1,820,698	1,624,430
Beneficial interest in assets held by Community Foundation	15,486	14,831
Promises to give, net	941,280	354,378
Property and equipment, net	6,412,423	5,894,614
Right-of-use assets - finance leases	582,369	15,621
Total assets	\$ 16,878,253	\$ 13,800,619
Liabilities and Net Assets		
Current liabilities		
Current portion of finance lease liabilities	\$ 108,329	\$ 4,820
Accounts payable	462,526	178,317
Accrued expenses	149,020	129,212
Total current liabilities	719,875	312,349
Finance lease liabilities	474,007	7,869
Total liabilities	1,193,882	320,218
Net assets		
Without donor restrictions		
Undesignated	1,265,582	2,210,106
Board designated - operating reserve	1,750,000	1,750,000
Board designated - capital expenditures	500,000	500,000
In-kind food inventory	1,320,875	1,578,346
Net investment in property and equipment	6,412,456	5,897,546
Total without donor restrictions	11,248,913	11,935,998
With donor restrictions	4,435,458	1,544,403
Total net assets	15,684,371	13,480,401
Total liabilities and net assets	\$ 16,878,253	\$ 13,800,619

See notes to financial statements.

**Northeast Iowa Food Bank
Statement of Activities
Year Ended June 30, 2025**

	Without Donor Restrictions			With Donor Restrictions	Total
	Operations	In-Kind Product	Total		
Revenue, gains and public support					
Cash contributions					
Governmental	\$ 1,249,747	\$ -	\$ 1,249,747	\$ 99,178	\$ 1,348,925
Non-governmental	2,356,760	-	2,356,760	206,360	2,563,120
In-kind contributions					
Governmental	-	3,770,373	3,770,373	-	3,770,373
Non-governmental	74,397	12,059,890	12,134,287	-	12,134,287
Foundations and other grants	874,174	-	874,174	3,425,000	4,299,174
Fundraising events, less cost of direct benefits to donors	431,207	-	431,207	-	431,207
United Way	7,609	-	7,609	51,314	58,923
Investment return, net	255,246	-	255,246	655	255,901
Agency support fee	518,702	-	518,702	-	518,702
Miscellaneous income	33,766	-	33,766	-	33,766
Net assets released from restrictions	891,452	-	891,452	(891,452)	-
Total revenue, gains and public support	<u>6,693,060</u>	<u>15,830,263</u>	<u>22,523,323</u>	<u>2,891,055</u>	<u>25,414,378</u>
Expenses					
Program services	5,436,839	16,087,734	21,524,573	-	21,524,573
Management and general	918,490	-	918,490	-	918,490
Fundraising	760,211	-	760,211	-	760,211
Total expenses	<u>7,115,540</u>	<u>16,087,734</u>	<u>23,203,274</u>	<u>-</u>	<u>23,203,274</u>
Loss on disposal of property and equipment	7,134	-	7,134	-	7,134
Change in net assets	(429,614)	(257,471)	(687,085)	2,891,055	2,203,970
Net assets, beginning of year	10,357,652	1,578,346	11,935,998	1,544,403	13,480,401
Net assets, end of year	<u>\$ 9,928,038</u>	<u>\$ 1,320,875</u>	<u>\$ 11,248,913</u>	<u>\$ 4,435,458</u>	<u>\$ 15,684,371</u>

See notes to financial statements.

**Northeast Iowa Food Bank
Statement of Activities
Year Ended June 30, 2024**

	Without Donor Restrictions			With Donor Restrictions	Total
	Operations	In-Kind Product	Total		
Revenue, gains and public support					
Cash contributions					
Governmental	\$ 944,647	\$ -	\$ 944,647	\$ 172,160	\$ 1,116,807
Non-governmental	2,495,054	-	2,495,054	5,500	2,500,554
In-kind contributions					
Governmental	-	4,234,226	4,234,226	-	4,234,226
Non-governmental	86,029	11,267,497	11,353,526	-	11,353,526
Foundations and other grants	1,021,453	-	1,021,453	848,041	1,869,494
Fundraising events, less cost of direct benefits to donors	466,394	-	466,394	-	466,394
United Way	54,303	-	54,303	67,000	121,303
Investment return, net	303,390	-	303,390	334	303,724
Agency support fee	384,497	-	384,497	-	384,497
Miscellaneous income	41,788	-	41,788	-	41,788
Net assets released from restrictions	407,053	-	407,053	(407,053)	-
Total revenue, gains and public support	<u>6,204,608</u>	<u>15,501,723</u>	<u>21,706,331</u>	<u>685,982</u>	<u>22,392,313</u>
Expenses					
Program services	5,501,706	15,102,097	20,603,803	-	20,603,803
Management and general	767,758	-	767,758	-	767,758
Fundraising	351,073	-	351,073	-	351,073
Total expenses	<u>6,620,537</u>	<u>15,102,097</u>	<u>21,722,634</u>	<u>-</u>	<u>21,722,634</u>
Loss on disposal of property and equipment	8,179	-	8,179	-	8,179
Change in net assets	(424,108)	399,626	(24,482)	685,982	661,500
Net assets, beginning of year	10,781,760	1,178,720	11,960,480	858,421	12,818,901
Net assets, end of year	<u>\$ 10,357,652</u>	<u>\$ 1,578,346</u>	<u>\$ 11,935,998</u>	<u>\$ 1,544,403</u>	<u>\$ 13,480,401</u>

See notes to financial statements.

**Northeast Iowa Food Bank
Statement of Functional Expenses
Year Ended June 30, 2025**

	Program	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 1,537,671	\$ 512,556	\$ 390,520	\$ 2,440,747
Employee benefits	175,930	\$58,643	\$44,681	279,254
Payroll taxes	116,950	\$38,984	\$29,702	185,636
Total salaries and related expenses	<u>1,830,551</u>	<u>610,183</u>	<u>464,903</u>	<u>2,905,637</u>
In-kind product	16,087,734	-	-	16,087,734
Cost of product purchased	2,208,341	-	-	2,208,341
Storage/freight	44,063	-	-	44,063
Auto maintenance and travel expenses	243,301	1,297	-	244,598
Printing	4,110	8,705	11,139	23,954
Special programs	19,286	1,615	14,543	35,444
Utilities	54,215	18,072	13,769	86,056
Telephone	10,666	3,555	2,709	16,930
Building and equipment maintenance	90,366	13,688	10,430	114,484
Insurance	66,529	22,176	16,896	105,601
Marketing	136,248	38,959	29,683	204,890
Miscellaneous	34,853	51,839	1,240	87,932
Supplies	124,115	6,022	7,681	137,818
Postage	21,838	953	39,084	61,875
Professional services and fees	128,309	42,770	48,723	219,802
Workshops/conferences	17,533	2,291	150	19,974
Computer	169,314	18,631	50,170	238,115
Total expenses before depreciation	<u>21,291,372</u>	<u>840,756</u>	<u>711,120</u>	<u>22,843,248</u>
Depreciation	<u>233,201</u>	<u>\$77,734</u>	<u>\$59,226</u>	<u>370,161</u>
Total expenses by function	<u>21,524,573</u>	<u>918,490</u>	<u>770,346</u>	<u>23,213,409</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(10,135)</u>	<u>(10,135)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 21,524,573</u>	<u>\$ 918,490</u>	<u>\$ 760,211</u>	<u>\$ 23,203,274</u>

See notes to financial statements.

**Northeast Iowa Food Bank
Statement of Functional Expenses
Year Ended June 30, 2024**

	Program	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 1,390,331	\$ 497,231	\$ 183,162	\$ 2,070,724
Employee benefits	185,207	16,607	9,882	211,696
Payroll taxes	99,697	36,109	13,721	149,527
Total salaries and related expenses	<u>1,675,235</u>	<u>549,947</u>	<u>206,765</u>	<u>2,431,947</u>
In-kind product	15,102,097	-	-	15,102,097
Cost of product purchased	2,011,016	-	-	2,011,016
Storage/freight	42,765	-	-	42,765
Auto maintenance and travel expenses	183,904	1,008	69	184,981
Printing	15,469	-	33	15,502
Special programs	19,796	-	26,663	46,459
Utilities	52,358	3,611	4,213	60,182
Telephone	15,048	1,038	1,210	17,296
Building and equipment maintenance	148,279	5,947	6,938	161,164
Insurance	95,128	6,560	7,654	109,342
Marketing	193,859	13,370	15,598	222,827
Miscellaneous	80,214	6,720	-	86,934
Supplies	143,473	9,895	11,544	164,912
Postage	69,407	4,787	5,584	79,778
Professional services and fees	151,693	123,215	28,769	303,677
Workshops/conferences	23,145	1,596	1,862	26,603
Computer	247,959	17,101	19,951	285,011
Total expenses before depreciation	<u>20,270,845</u>	<u>744,795</u>	<u>336,853</u>	<u>21,352,493</u>
Depreciation	<u>332,958</u>	<u>22,963</u>	<u>26,789</u>	<u>382,710</u>
Total expenses by function	<u>20,603,803</u>	<u>767,758</u>	<u>363,642</u>	<u>21,735,203</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(12,569)</u>	<u>(12,569)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 20,603,803</u>	<u>\$ 767,758</u>	<u>\$ 351,073</u>	<u>\$ 21,722,634</u>

See notes to financial statements.

Northeast Iowa Food Bank
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows - Operating Activities		
Change in net assets	\$ 2,203,970	\$ 661,500
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	370,161	382,710
Amortization of right-of-use assets - finance leases	42,517	-
Change in in-kind food inventory	257,471	(399,626)
Net unrealized gain on investments	(112,749)	(148,541)
Receipt of contributed investment securities	(14,953)	(41,443)
Loss on disposal of property and equipment	7,134	8,179
Change in value of beneficial interest	(17,960)	(17,418)
Cash received for long-term purposes	(1,424,787)	-
Changes in operating assets and liabilities		
Trade receivables and promises to give	(1,901,392)	(784,470)
Purchased food inventory	232,725	(132,672)
Prepaid expenses	49,201	25,522
Accounts payable	38,599	(110,688)
Accrued expenses	19,808	18,644
Net cash flows - operating activities	(250,255)	(538,303)
Cash Flows - Investing Activities		
Redemption of certificate of deposit	-	756,093
Purchases of investments	(1,835,598)	(1,045,387)
Proceeds from the sale of investments	1,767,032	623,551
Distributions from beneficial interest	17,305	17,084
Purchases of property and equipment	(649,494)	(909,731)
Proceeds from the sale of property and equipment	-	15,000
Net cash flows - investing activities	(700,755)	(543,390)
Cash Flows - Financing Activities		
Cash received for long-term purposes	1,424,787	-
Principal payments on finance lease liabilities	(39,618)	(17,088)
Net cash flows - financing activities	1,385,169	(17,088)
Net change in cash and cash equivalents	434,159	(1,098,781)
Cash and Cash Equivalents		
Beginning of year	2,314,195	3,412,976
End of year	\$ 2,748,354	\$ 2,314,195

See notes to financial statements.

**Northeast Iowa Food Bank
Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

	2025	2024
Supplemental Disclosure of Cash Flow Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from finance leases	\$ 9,157	\$ 642
Financing cash outflows finance leases	\$ 45,061	\$ 13,259
Supplemental Disclosure of Noncash Investing and Financing Activities		
ROU assets obtained in exchange for finance lease liabilities	\$ 609,265	\$ 4,295
Property and equipment purchases included in accounts payable	\$ 245,610	\$ -

Northeast Iowa Food Bank Notes to Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Northeast Iowa Food Bank (the Food Bank) is a nonprofit organization that receives and distributes food and nonfood products to people in need throughout 16 counties in northeast Iowa.

The Food Bank operates eight programs to advance its mission:

- *Member Agencies* - Distributing free or reduced grocery items to community partners throughout our sixteen-county service area. These agencies include congregate meal sites, churches, daycares, nonprofits, shelters, pantries, and soup kitchens.
- *BackPack Program* - In collaboration with area schools, provides children experiencing chronic hunger with backpacks filled with non-perishable, nutritious, kid-friendly food to sustain them over weekends and school holidays.
- *Cedar Valley Food Pantry* - Provides food and grocery products to households in Black Hawk County and is located on-site with the Food Bank.
- *Kids Café Program* - Provides free meals and snacks to children through various community locations where children already congregate.
- *Senior Nutrition* - Provides grocery items to senior northeast Iowans - especially those who operate on tight budgets or experience reduced mobility.
- *Mobile Food Pantries* - Serves as supplementary hunger - relief efforts for families, individuals, and seniors in high areas of need. Truckloads of food is distributed in pre-packed boxes or through a farmers market-style distribution where those attending have the ability to choose and take what they need.
- *School Markets* - Tailored to each school's needs, expertise rests with those most familiar with the community. School Markets, akin to pantries but dubbed Markets to remove stigma, provide essential resources within schools.
- *Summer Feeding* - Provides lunch and snacks to children in northeast Iowa who are at risk of going hungry while school is out for the summer.

Accounting Estimates

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

Cash Equivalents

Cash equivalents include highly liquid investments, with original maturities of three months or less, that are recorded at cost plus accrued interest, which approximates fair value.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Contributions receivable are written off when deemed uncollectible.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Food Inventory

Inventory consists of donated non-governmental food, food commodities received from the United States Department of Agriculture (USDA) and purchased food. Donated and USDA food is valued at a weighted average gross pound as determined by Feeding America's Product Valuation Survey. Purchased food is valued at the lower of cost (first-in, first-out method) or net realizable value.

Concentrations

Financial instruments which potentially subject the Food Bank to concentrations of credit risk consist principally of cash and cash equivalents. The Food Bank places its cash and cash equivalents with a single financial institution, which at times, are in excess of the FDIC insurance limit.

The Food Bank receives a substantial amount of food inventory available for distribution from a limited number of contributors, including area businesses and USDA. During the years ended June 30, 2025 and 2024, the Food Bank received approximately 19% and 22%, respectively, of food commodities from USDA.

The current environment presents ongoing uncertainty due to potential changes in federal and state funding priorities. These conditions may impact the Food Bank's operating activities, liquidity, and ability to sustain certain programs. While management is actively monitoring these developments and taking steps to mitigate financial risk, the ultimate impact on the Food Bank's financial position and results of operations, if any, cannot be reasonably estimated at this time.

Investments

The Food Bank carries its investments at fair value with unrealized gains and losses included in the change in net assets. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that change in the values of investments will occur in the near term and that such changes could materially affect the investment balance.

Property and Equipment

Property and equipment are carried at cost, or fair value if donated, with depreciation computed primarily under the straight-line method over the economic useful lives of the assets. The Food Bank capitalizes acquisitions and donations of property and equipment in excess of \$5,000 and with an estimated useful life greater than one year.

Property and equipment held under finance leases are amortized using the straight-line method over the lesser of the economic useful life of the asset or the lease term. Lease amortization is included in depreciation expense.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

The Food Bank records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses for the years ended June 30, 2025 and 2024.

Leases

The Food Bank recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The Food Bank does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the Food Bank are included in the determination of the lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term. The Food Bank has elected the practical expedients (1) to discount the lease liability using the risk-free rate for all classes of assets, (2) to use hindsight for assessing the lease term and impairment of the ROU asset, and (3) to not separate lease and non-lease components for all classes of assets.

Net Assets

Net assets, revenues, gains, and public support 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:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and future capital expenditures.

Net Assets With Donor Restrictions - Net assets 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 that resources be maintained in perpetuity. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a 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.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of an irrevocable beneficial interest is received. Multi-year promises to give are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue from government grants and contracts is recognized as expenditures are incurred in accordance with the agreements. Agency support revenue is recognized when earned.

As of June 30, 2025 and 2024, the Food Bank had a conditional promise to give of \$1,728,662 and \$1,827,840, respectively. The conditional promise to give is subject to matching requirements related to the ongoing capacity campaign.

Agency support fees are charged to the Food Bank's partners to offset a portion of distribution costs. These fees are charged on a per pound basis, with revenue recognized upon receipt of the product.

The opening balance of trade receivables was \$48,961 as of July 1, 2023.

Donated Food, Materials and Contributed Services

The Food Bank recognizes donated food and other goods at the time the contribution is received at their estimated fair value based on Feeding America's Product Valuation Survey and USDA fair market value reports. Donated food is utilized in the food pantry program and provided to member agencies. The Food Bank received \$15,830,263 and \$15,501,723, respectively, in donated and USDA foods for the years ended June 30, 2025 and 2024.

Donated materials, advertising and freight are valued at the estimated fair value that the Food Bank might incur under normal operating activities. Donated materials are used for building maintenance and in fundraising events. Donated advertising and freight are used to enhance programs. The Food Bank received \$54,597 and \$72,029, respectively, in donated materials for the years ended June 30, 2025 and 2024.

Contributed services, which require a specialized skill and that the Food Bank would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Food Bank received contributed services of \$19,800 and \$14,000, respectively, for the years ended June 30, 2025 and 2024. The Food Bank also receives donated services that do not require specific expertise, but which are nonetheless central to the Food Bank's operations. These contributed services are not reflected in the financial statements.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The statements report certain categories of expense that are attributed to both programs and supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Substantially all expenses that are attributed to both programs and supporting functions are allocated on the basis of estimates of time and effort.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Food Bank is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Subsequent Events

In December 2025, the Food Bank obtained \$6,000,000 loan to assist in financing costs associated with the ongoing capacity campaign. The loan matures in December 2030 and bears interest at 4.98%.

Management has evaluated subsequent events through February 23, 2026, the date which the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 2,748,354	\$ 2,314,195
Trade receivables	61,345	21,326
Promises to give, net	3,389,169	1,527,796
Investments	1,820,698	1,624,430
Beneficial interest	15,486	14,831
Total financial assets available	8,035,052	5,502,578
Less net assets with donor restrictions	4,435,458	1,544,403
Less board designated net assets	2,250,000	2,250,000
Financial assets available within one year	\$ 1,349,594	\$ 1,708,175

As part of the Food Bank's liquidity management plan, the Food Bank invests cash in excess of daily requirements in various investment options, including money market accounts, certificates of deposit, corporate stocks, exchange traded funds, corporate bonds or other investment securities. Investments are intended to be held for long-term purposes, however, the funds may be used to support operations. Occasionally, the Board of Directors designates a portion of its operating surplus to an operating reserve or capital expenditures fund, which could be made available for general expenditures if necessary.

The Food Bank has funds available at the Community Foundation of Northeast Iowa (the Foundation). These funds are invested for long-term appreciation but are available at the discretion of the Foundation.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 3 - PROMISES TO GIVE

The promises to give, discounted to present value using a discount rate ranging from 4.02%-4.75%, are to be received as follows:

	2025	2024
Less than one year	\$ 2,447,889	\$ 1,173,418
One to five years	987,000	414,938
Less discounts to net present value	45,720	60,560
Total promises to give, net	\$ 3,389,169	\$ 1,527,796

NOTE 4 - FUNDS HELD AT COMMUNITY FOUNDATION

As of June 30, 2025 and 2024, the Food Bank had a total of \$353,325 and \$338,377, respectively, which represents both transfers from the Food Bank and third-party contributions, in a fund with the Community Foundation of Northeast Iowa (the Foundation).

Beneficial Interest in Assets Held by Community Foundation

The Food Bank has recorded a beneficial interest in assets held by the Foundation in the amount of \$15,486 and \$14,831 as of June 30, 2025 and 2024, respectively, which represents funds previously transferred to the Foundation by the Food Bank, and the earnings thereon. These assets are invested for long-term appreciation but are available at the discretion of the Food Bank's Board of Directors. The Food Bank has granted variance power to the Foundation in the event the Food Bank terminates or ceases to exist as a legal entity.

Amounts Held on Behalf of the Food Bank

The Foundation also holds third-party contributions to the Foundation on behalf of the Food Bank. Income from these funds is available to support the Food Bank's operations at the discretion of the Foundation. The Foundation is considered the owner of these funds. The Food Bank had a total of \$337,839 and \$323,546 in designated funds held by the Foundation as of June 30, 2025 and 2024, respectively.

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3: Inputs are unobservable inputs based on the Food Bank's own assumptions used to measure assets and liabilities.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level within the fair value hierarchy of the Food Bank's investments measured at fair value on a recurring basis is as of June 30, 2025 and 2024, and indicates the fair value hierarchy of the valuation techniques utilized by the Food Bank to determine such fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2025</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 5,033
Exchange traded funds	1,612,345	-	-	1,612,345
Corporate bonds	-	203,320	-	203,320
Total investments	<u>\$ 1,612,345</u>	<u>\$ 203,320</u>	<u>\$ -</u>	<u>\$ 1,820,698</u>
<u>June 30, 2024</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 5,436
Corporate stocks	37,779	-	-	37,779
Exchange traded funds	1,252,131	-	-	1,252,131
Corporate bonds	-	329,084	-	329,084
Total investments	<u>\$ 1,289,910</u>	<u>\$ 329,084</u>	<u>\$ -</u>	<u>\$ 1,624,430</u>

Cash and cash equivalents are recorded at cost plus accrued interest. Corporate stock and exchange traded funds are valued at the closing price reported in the active markets in which they are traded. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 560,551	\$ 560,551
Buildings	6,199,753	6,209,141
Equipment	1,855,791	1,862,222
Construction in progress	1,225,222	470,431
Total cost	<u>9,841,317</u>	<u>9,102,345</u>
Less accumulated depreciation	<u>3,428,894</u>	<u>3,207,731</u>
Property and equipment, net	<u>\$ 6,412,423</u>	<u>\$ 5,894,614</u>

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 7 - LEASES

The organization has finance leases for office equipment and vehicles. Payments under these leases arrangements are all fixed.

Future minimum lease payments under non-cancellable leases are as follows as of June 30, 2025:

2026	\$ 108,329
2027	108,329
2028	105,721
2029	104,415
2030	103,510
Thereafter	<u>124,054</u>
Total lease payments	654,358
Less amounts representing interest	<u>72,022</u>
Present value of lease liabilities	<u><u>\$ 582,336</u></u>

Lease costs for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Amortization of right of use assets	\$ 48,109	\$ 12,530
Interest on lease liabilities	<u>10,993</u>	<u>621</u>
Total lease costs	<u><u>\$ 59,102</u></u>	<u><u>\$ 13,151</u></u>

As of June 30, 2025 and 2024, operating leases had a weighted-average remaining lease term of 74 and 45 months, respectively, and the weighted-average discount rate was 3.92% and 4.27%, respectively.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Kid's Café/Backpack Program	\$ 121,107	\$ 128,349
Capacity development	-	29,000
Food distribution	9,828	77,878
Time restricted	405,692	1,064,854
Capital purchases	3,883,345	229,491
Beneficial interest in assets held by Community Foundation	<u>15,486</u>	<u>14,831</u>
Total net assets with donor restrictions	<u><u>\$ 4,435,458</u></u>	<u><u>\$ 1,544,403</u></u>

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 9 - DONATED AND PURCHASED FOOD

During the years ended June 30, 2025 and 2024, donated and purchased food consisted of the following:

	2025			2024		
	lbs.	Amount	Average Price/lb.	lbs.	Amount	Average Price/lb.
Donated						
Received	8,331,718	\$ 15,830,263	\$ 1.90	7,867,276	\$ 15,501,723	\$ 1.97
Distributed	8,411,866	16,087,734	1.91	7,706,055	15,102,097	1.96
Purchased						
Purchased	1,988,585	1,975,616	0.99	1,861,843	2,143,688	1.15
Distributed	2,165,535	2,208,341	1.02	1,841,850	2,011,016	1.09

NOTE 10 - RETIREMENT PLAN

The Food Bank has a 401(k) plan covering substantially all employees. Under the plan, the Food Bank contributes 5% of each covered employee's wages as well as up to a 3% match. For the years ended June 30, 2025 and 2024, the Food Bank's contributions were \$120,094 and \$102,226, respectively.

NOTE 11 - AFFILIATE AGREEMENT

The Food Bank is a member in the national network of Feeding America through an Affiliate Contract. The Affiliate Contract establishes the Food Bank's exclusive service area and sets forth a variety of compliance requirements.

NOTE 12 - COMMITMENT

As of June 30, 2025, the Food Bank had incurred costs of approximately \$800,000 for building expansion and renovations related to the ongoing From Hunger to Hope capacity campaign. The campaign will provide expanded food storage, create safe volunteer spaces, prepare for emergencies, and upgrades to invest in modern equipment, allowing for safe, more efficient distribution. The total project is expected to cost approximately \$12,500,000 and be completed in December 2026.

SUPPLEMENTARY INFORMATION

**Northeast Iowa Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title/Cluster	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Agriculture			
Passed through Iowa Department of Human Services			
Food Distribution Cluster			
Emergency Food Assistance Program (Food Commodities)	10.569	ACFS 16-189	\$ 4,063,363
Emergency Food Assistance Program (TEFAP Administrative Costs)	10.568	ACFS 16-189	77,729
Emergency Food Assistance Program (Reach and Resiliency)	10.568	ACFS 16-189	82,848
COVID-19 - Emergency Food Assistance Program	10.568	ACFS 16-189	<u>19,131</u>
Total Food Distribution Cluster			<u>4,243,071</u>
Food Box Demo - Healthy Kids Iowa	10.579	SS26-05	<u>177,861</u>
Passed through Iowa Department of Agriculture and Land Stewardship			
COVID-19 - Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182	1146-4	<u>105,715</u>
Passed through Iowa Department of Education			
Child and Adult Care Food Program	10.558	078041	<u>138,392</u>
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	078041	<u>146,386</u>
Total United States Department of Agriculture			<u>4,811,425</u>
United States Department of Housing and Urban Development			
CDBG-Entitlement Grants Cluster			
Passed through City of Cedar Falls			
Community Development Block Grants/Entitlement Grants	14.218	NA	10,000
Passed through City of Waterloo			
Community Development Block Grants/Entitlement Grants	14.218	NA	<u>45,000</u>
Total United States Department of Housing and Urban Development			<u>55,000</u>
United States Department of Homeland Security			
Passed through Iowa Northland Regional Council of Governments			
Emergency Food and Shelter National Board Program	97.024	285800-009	<u>45,687</u>
United States Department of Treasury			
Passed through Iowa Economic Development Authority			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	24-FIF/SLRF-002	<u>99,178</u>
Total expenditures of federal awards			<u>\$ 5,011,290</u>

Northeast Iowa Food Bank
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 3 - NONCASH TRANSACTIONS

Northeast Iowa Food Bank received noncash assistance in the form of food commodities (Assistance Listing Number 10.569). These commodities, with fair value calculated at the time received, were consumed or distributed during the year ended June 30, 2025.

NOTE 4 - INDIRECT COST RATE

Northeast Iowa Food Bank has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. For awards issued after October 1, 2024, Northeast Iowa Food Bank has elected not to use the 15-percent de minimis indirect cost rate.



**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***

Board of Directors
Northeast Iowa Food Bank
Waterloo, Iowa

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 Northeast Iowa Food Bank, which comprise the statement of financial position as of June 30, 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, and have issued our report thereon dated February 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeast Iowa Food Bank's internal control over financial reporting (internal control) to determine the 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 Northeast Iowa Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Iowa Foodbank'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Iowa Food Bank'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 determination of financial statements amounts. 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*.

Northeast Iowa Food Bank's Response to Findings

Northeast Iowa Food Bank's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeast Iowa Food Bank's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

BerganKDV, Ltd.

Waterloo, Iowa
February 23, 2026



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Northeast Iowa Food Bank
Waterloo, Iowa

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Programs

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Northeast Iowa Food Bank's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northeast Iowa Foodbank's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northeast Iowa Food Bank's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Northeast Iowa Food Bank's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Northeast Iowa Foodbank's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BerganKDV, Ltd.

Waterloo, Iowa
February 23, 2026

**Northeast Iowa Food Bank
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes

No

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major programs

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

No

None reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes

Identification of Major Programs

Assistance Listing Numbers and Names of Federal Programs or Clusters

10.569 and 10.568 - Food Distribution Cluster

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as a low-risk auditee?

Yes

**Northeast Iowa Food Bank
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding 2025-001: Financial Statement Reconciliations (Repeat finding from 2024-001)

Criteria: The financial statements are the responsibility of Northeast Iowa Food Bank's management.

Cause and Condition: Reconciling the physical inventory and related in-kind commodities to the general ledger is a key procedure for maintaining strong internal controls. While certain reconciliation procedures were performed, our audit determined that these procedures were not sufficient. Specifically, the general ledger had not been fully reconciled to physical inventory listings, resulting in an accounting adjustment that decreased the inventory balance by approximately \$266,000. This adjustment reflects a bookkeeping correction and does not indicate mismanagement of physical inventory.

In addition, incomplete reconciliation processes, user errors, and programming issues within the inventory system led to overstatement of in-kind receipts and distributions within the general ledger. Correcting entries were required to address coding errors within the inventory system resulting in decreases in both revenue and expenses of approximately \$3,300,000. There was no impact on the change in net assets. The inaccuracies were caused by incorrect system programming during implementation and were not the result of mismanaged physical inventory.

Effect: Audit adjustments were needed to correct inventory values, in-kind revenues, and in-kind expenses as of June 30, 2025.

Recommendation: We strongly recommend the Director of Administration reconcile the general ledger to the relevant receipt and distribution reports to ensure the accuracy of in-kind revenues and expenses. Staff training and discussions with the inventory system vendor regarding best practices when entering activity could help reduce discrepancies.

We also recommend that the Director of Administration or someone not otherwise involved in the inventory process periodically review the inventory listing to ensure accuracy of the quantity and carrying value. This practice should help to ensure that inventories are accurately valued for financial statement purposes. This review should be significantly enhanced at year-end to ensure accurate reporting.

Responsible Official's Response: Management agrees with the finding and the recommendation.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None for the current year.