VIRGINIA PENINSULA FOODBANK

FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS

As of and for the Years Ended June 30, 2025 and 2024

And Reports of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

VIRGINIA PENINSULA FOODBANK
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Reports of Independent Auditor

To the Board of Directors
Virginia Peninsula Foodbank
Hampton, Virginia

Opinion

We have audited the accompanying financial statements of Virginia Peninsula Foodbank (the "Foodbank"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foodbank 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 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 the Foodbank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe 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 the Foodbank's ability to continue as a going concern within one year after the date 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 the Foodbank'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 the Foodbank'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 audits were 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 Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 information 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 6, 2026, on our consideration of the Foodbank'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 the Foodbank'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 the Foodbank's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
February 6, 2026

VIRGINIA PENINSULA FOODBANK
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 7,166,665	$ 7,134,241
Investments	12,742,497	11,677,138
Accounts Receivable:		
Grants	41,672	2,168,104
Program service fees	50,551	127
Inventory	1,919,828	2,923,509
Other current assets	56,136	12,780
Total Current Assets	21,977,349	23,915,899
Property and equipment, net	5,146,541	5,326,596
Other Assets:		
Land held for investment	9,956	9,956
Total Assets	$ 27,133,846	$ 29,252,451
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable, trade	$ 76,386	$ 169,274
Accrued payroll, vacation, and related expenses	234,572	179,267
Deferred revenue	395,427	1,799,874
Total Current Liabilities	706,385	2,148,415
Net Assets:		
Without Donor Restrictions:		
General	10,157,930	11,255,279
Invested in property and equipment	5,146,541	5,326,596
Board designated - operating reserve	7,166,564	6,518,200
Board designated - building reserve	3,000,000	3,000,000
Board designated - capital reserve	910,972	916,745
	26,382,007	27,016,820
With Donor Restrictions	45,454	87,216
Total Net Assets	26,427,461	27,104,036
Total Liabilities and Net Assets	$ 27,133,846	$ 29,252,451

The accompanying notes to the financial statements are an integral part of these statements.

VIRGINIA PENINSULA FOODBANK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains:			
Contributions	$ 3,294,851	$ 116,817	$ 3,411,668
Program service fees	30,673	-	30,673
Grants	167,410	1,706,819	1,874,229
Special events	233,432	-	233,432
United Way allocation	203,003	-	203,003
Miscellaneous	34,860	-	34,860
	3,964,229	1,823,636	5,787,865
Net assets released from restrictions	1,865,398	(1,865,398)	-
Total Revenues, Support, and Gains	5,829,627	(41,762)	5,787,865
Expenses:			
Program Services:			
Food distribution	3,698,796	-	3,698,796
Mobile pantry	337,028	-	337,028
Culinary and Kids Café	1,039,910	-	1,039,910
BackPack program	421,161	-	421,161
Supporting Services:			
Fundraising	845,396	-	845,396
Management and general	410,207	-	410,207
Total Expenses	6,752,498	-	6,752,498
Changes in Net Assets Before Donated Food Transactions and Nonoperating Revenue	(922,871)	(41,762)	(964,633)
Donated Food Transactions:			
Donated food - received	15,184,179	-	15,184,179
Donated food - distributed and undistributable	(16,142,663)	-	(16,142,663)
Net Change in Donated Food Transactions	(958,484)	-	(958,484)
Nonoperating Revenue:			
Investment return, net	1,246,542	-	1,246,542
Total Nonoperating Revenue	1,246,542	-	1,246,542
Changes in net assets	(634,813)	(41,762)	(676,575)
Net assets, beginning of year	27,016,820	87,216	27,104,036
Net assets, end of year	$ 26,382,007	$ 45,454	$ 26,427,461

The accompanying notes to the financial statements are an integral part of these statements.

VIRGINIA PENINSULA FOODBANK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains:			
Contributions	$ 3,585,679	$ 149,279	$ 3,734,958
In-kind Contributions	90,712	-	90,712
Program service fees	31,186	-	31,186
Grants	237,499	3,515,803	3,753,302
Special events	250,228	-	250,228
United Way allocation	206,634	-	206,634
Miscellaneous	58,590	-	58,590
	4,460,528	3,665,082	8,125,610
Net assets released from restrictions	3,597,866	(3,597,866)	-
Total Revenues, Support, and Gains	8,058,394	67,216	8,125,610
Expenses:			
Program Services:			
Food distribution	3,716,048	-	3,716,048
Mobile pantry	699,594	-	699,594
Culinary and Kids Café	928,617	-	928,617
BackPack program	436,001	-	436,001
Supporting Services:			
Fundraising	910,617	-	910,617
Management and general	358,962	-	358,962
Total Expenses	7,049,839	-	7,049,839
Changes in Net Assets Before Donated Food Transactions and Nonoperating Revenue	1,008,555	67,216	1,075,771
Donated Food Transactions:			
Donated food - received	18,331,249	-	18,331,249
Donated food - distributed and undistributable	(16,443,099)	-	(16,443,099)
Net Change in Donated Food Transactions	1,888,150	-	1,888,150
Nonoperating Revenue:			
Investment return, net	1,257,597	-	1,257,597
Gain on disposal of property and equipment	5,000	-	5,000
Total Nonoperating Revenue	1,262,597	-	1,262,597
Changes in net assets	4,159,302	67,216	4,226,518
Net assets, beginning of year	22,857,518	20,000	22,877,518
Net assets, end of year	$ 27,016,820	$ 87,216	$ 27,104,036

The accompanying notes to the financial statements are an integral part of these statements.

VIRGINIA PENINSULA FOODBANK
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	Program Services					Supporting Services			
	Food Distribution	Mobile Pantry	Culinary and Kids Café	BackPack Program	Total	Fundraising	Management and General	Total	Total
Agency support	$ 158,613	$ -	$ -	$ -	$ 158,613	$ -	$ -	$ -	$ 158,613
Bank charges	-	-	-	-	-	26,295	1,510	27,805	27,805
Computer maintenance and support	49,019	9,003	17,006	4,002	79,030	12,005	9,003	21,008	100,038
Conferences and trainings	14,330	2,632	4,972	1,170	23,104	3,509	2,632	6,141	29,245
Dues and subscriptions	9,900	1,818	3,435	808	15,961	2,424	1,818	4,242	20,203
Employee benefits	116,208	26,705	49,606	8,336	200,855	49,175	20,571	69,746	270,601
Equipment rental and maintenance	27,447	1,007	6,358	1,570	36,382	1,553	1,322	2,875	39,257
Food costs	1,438,379	-	381,229	287,272	2,106,880	-	-	-	2,106,880
Freight	77,066	-	-	-	77,066	-	-	-	77,066
Fundraising and marketing	-	-	-	-	-	169,391	-	169,391	169,391
Insurance	55,972	10,281	19,419	4,569	90,241	13,708	10,281	23,989	114,230
Miscellaneous	931	-	55,039	-	55,970	-	700	700	56,670
Occupancy	286,639	2,794	44,707	11,177	345,317	5,588	5,588	11,176	356,493
Payroll taxes	66,164	16,133	35,776	4,971	123,044	26,252	14,816	41,068	164,112
Postage	3,591	880	1,180	260	5,911	49,004	390	49,394	55,305
Printing and publications	259	41	113	10	423	12,496	54	12,550	12,973
Professional fees	13,604	2,957	3,965	874	21,400	1,133	70,361	71,494	92,894
Recognition and awards	6,291	1,155	2,183	514	10,143	1,541	1,155	2,696	12,839
Salaries and wages	1,030,604	222,230	323,787	65,810	1,642,431	341,724	199,664	541,388	2,183,819
Special events	-	-	3,337	-	3,337	66,521	-	66,521	69,858
Supplies	57,614	6,800	5,870	1,056	71,340	11,086	1,898	12,984	84,324
Telephone	8,600	374	1,657	166	10,797	1,999	1,647	3,646	14,443
Temporary services	-	-	-	-	-	-	42,461	42,461	42,461
Transportation services	58,941	12,162	18,711	3,742	93,556	-	-	-	93,556
Travel	1,523	280	528	124	2,455	373	280	653	3,108
Total Expenses Before Depreciation and Donated Food	3,481,695	317,252	978,878	396,431	5,174,256	795,777	386,151	1,181,928	6,356,184
Depreciation	217,101	19,776	61,032	24,730	322,639	49,619	24,056	73,675	396,314
Total Expenses Before Donated Food	3,698,796	337,028	1,039,910	421,161	5,496,895	845,396	410,207	1,255,603	6,752,498
Donated Food	11,443,857	4,020,814	677,992	-	16,142,663	-	-	-	16,142,663
Total Functional Expenses	$ 15,142,653	$ 4,357,842	$ 1,717,902	$ 421,161	$ 21,639,558	$ 845,396	$ 410,207	$ 1,255,603	$ 22,895,161

The accompanying notes to the financial statements are an integral part of these statements.

VIRGINIA PENINSULA FOODBANK
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services			
	Food Distribution	Mobile Pantry	Culinary and Kids Café	BackPack Program	Total	Fundraising	Management and General	Total	Total
Agency support	$ 716,102	$ 1,778	$ -	$ -	$ 717,880	$ -	$ -	$ -	$ 717,880
Bank charges	-	-	-	-	-	23,298	1,212	24,510	24,510
Computer maintenance and support	26,618	6,227	8,572	1,840	43,257	42,599	3,498	46,097	89,354
Conferences and trainings	12,310	2,317	6,494	1,366	22,487	6,509	13,416	19,925	42,412
Dues and subscriptions	9,105	1,986	3,263	587	14,941	3,670	1,725	5,395	20,336
Employee benefits	131,343	31,293	31,498	6,487	200,621	46,946	22,506	69,452	270,073
Equipment rental and maintenance	26,400	1,399	10,336	1,425	39,560	1,848	1,161	3,009	42,569
Food costs	1,070,499	340,238	370,217	319,548	2,100,502	-	-	-	2,100,502
Freight	55,623	-	-	-	55,623	-	-	-	55,623
Fundraising and marketing	-	-	-	-	-	161,973	-	161,973	161,973
Insurance	68,303	16,979	22,768	5,017	113,067	22,189	7,525	29,714	142,781
Miscellaneous	7	2	31,865	1	31,875	74	1	75	31,950
Occupancy	223,917	2,699	45,498	10,601	282,715	3,712	6,439	10,151	292,866
Payroll taxes	68,245	15,549	21,241	3,995	109,030	26,841	12,270	39,111	148,141
Postage	4,090	1,002	1,344	296	6,732	55,813	444	56,257	62,989
Printing and publications	621	99	272	25	1,017	29,958	130	30,088	31,105
Professional fees	17,433	3,789	5,080	1,119	27,421	1,451	90,165	91,616	119,037
Recognition and awards	3,956	962	1,290	284	6,492	1,666	741	2,407	8,899
Salaries and wages	919,242	210,064	282,571	53,154	1,465,031	353,740	168,079	521,819	1,986,850
Special events	-	-	3,900	-	3,900	59,736	-	59,736	63,636
Supplies	75,437	8,822	5,769	1,167	91,195	14,544	2,053	16,597	107,792
Telephone	7,639	504	1,276	149	9,568	1,259	1,286	2,545	12,113
Temporary services	-	-	-	-	-	-	5,366	5,366	5,366
Transportation services	69,757	14,394	22,145	4,429	110,725	-	-	-	110,725
Travel	1,265	307	1,203	91	2,866	1,787	840	2,627	5,493
Total Expenses Before Depreciation and Donated Food	3,507,912	660,410	876,602	411,581	5,456,505	859,613	338,857	1,198,470	6,654,975
Depreciation	208,136	39,184	52,015	24,420	323,755	51,004	20,105	71,109	394,864
Total Expenses Before Donated Food	3,716,048	699,594	928,617	436,001	5,780,260	910,617	358,962	1,269,579	7,049,839
Donated Food	12,054,713	4,341,817	46,569	-	16,443,099	-	-	-	16,443,099
Total Functional Expenses	$ 15,770,761	$ 5,041,411	$ 975,186	$ 436,001	$ 22,223,359	$ 910,617	$ 358,962	$ 1,269,579	$ 23,492,938

The accompanying notes to the financial statements are an integral part of these statements.

VIRGINIA PENINSULA FOODBANK
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Changes in net assets	$ (676,575)	$ 4,226,518
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Donated food transactions, net	958,484	(1,888,150)
Donated property and equipment	-	(90,712)
Depreciation	396,314	394,864
Gain on disposal of property and equipment	-	(5,000)
Net realized and unrealized gain on investments	(847,945)	(841,923)
Changes in assets and liabilities:		
Accounts receivable:		
Grants	2,126,432	(1,136,718)
Program service fees	(50,424)	5,404
Inventory	45,197	(160,884)
Other current assets	(43,356)	1,004
Accounts payable, trade	(92,888)	46,867
Accrued payroll, vacation, and related expenses	55,305	52,506
Deferred revenue	(1,404,447)	583,856
Net cash flows from operating activities	466,097	1,187,632
Cash flows from investing activities:		
Proceeds from disposal of property	-	5,000
Purchases of investments	(217,414)	(283,033)
Purchases of property and equipment	(216,259)	(347,187)
Net cash flows from investing activities	(433,673)	(625,220)
Net change in cash and cash equivalents	32,424	562,412
Cash and cash equivalents, beginning of year	7,134,241	6,571,829
Cash and cash equivalents, end of year	$ 7,166,665	$ 7,134,241
Supplemental disclosure of noncash investing activities:		
Donated property and equipment	-	$ 90,712

The accompanying notes to the financial statements are an integral part of these statements.

Note 1—Nature of operations and summary of significant accounting policies

Nature of Activities – Virginia Peninsula Foodbank (the "Foodbank") is a nonprofit Virginia corporation, exempt under 501(c)(3) of the Internal Revenue Code, organized June 22, 1987, which distributes food effectively through collaborative efforts that minimize hunger, promote nutrition, and encourage self-reliance through education. The Foodbank serves Gloucester, Hampton, James City County, Mathews County, Newport News, Poquoson, Surry County, Williamsburg, and York County.

A summary of the Foodbank's significant accounting policies follows:

Method of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting and, as such, recognize income when earned and expenses when incurred.

Financial Statement Presentation – The Foodbank presents its financial statements in accordance with accounting standards generally accepted in the United States of America ("U.S. GAAP") for financial statements of nonprofit organizations. Under these accounting standards, the Foodbank is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foodbank is required to present statements of functional expenses and cash flows.

Classification of Net Assets – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets of the Foodbank and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are free of donor-imposed stipulations and are fully available to utilize for any program or supporting services. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions in accordance with donors' stipulations results in the release of such restrictions. The Board of Directors (the "Board") may designate certain amounts to be utilized or invested to meet specific objectives of the Foodbank.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may expire with the passage of time or that may be satisfied by actions of the Foodbank. When donor stipulations expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities and changes in net assets as net assets released from donor restrictions. The Foodbank does not have any net assets with donor restrictions to be held in perpetuity.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less. Cash and cash equivalents managed by the Foodbank's investment managers, such as money market funds, are included in investments.

Investments – Investments in marketable securities with readily determinable fair values and all investments in equity and debt securities are valued at their fair values in the statements of financial position. Fair value is determined by a reference to exchange or dealer-quoted market prices.

Grants Receivable – Grants receivable consist of federal, state, and private grants. The Foodbank determines the need for an allowance for doubtful accounts based on historical data and management's opinion of the collectability of receivables. An allowance was not deemed necessary as of June 30, 2025 or 2024.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Program Service Fee Receivables – Program service fee receivables are reported at the amount management expects to collect on balances outstanding at year-end, less an allowance for credit losses and discount, if necessary. The Foodbank establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Program service fee receivables are written off when there is no reasonable expectation of recovery. The allowance for credit losses was deemed to be immaterial as of June 30, 2025 or 2024.

Inventory – Purchased food inventory has been valued at the lower of (first-in, first-out) cost or net realizable value. Donated inventory has been valued using approximate average wholesale values of one pound of donated product of $1.72 and $1.74 at June 30, 2025 and 2024, respectively, as determined by Feeding America, the Nation's Foodbank Network Valuation Study performed as of December 31, 2024 and 2023.

Property and Equipment – Property and equipment are stated at cost, if purchased, or at the estimated market value, if donated, less accumulated depreciation. Assets purchased of $1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated lives of property and equipment are as follows:

Building and improvements	5 – 40 years
Equipment	5 years
Transportation equipment	5 years

As of June 30, 2025 and 2024, land held for investment consisted of two donated lots in Gloucester, Virginia and are stated at estimated fair value at the date of donation.

Impairment of Long-Lived Assets – Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted, future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. There was no indication of the need to review assets for impairment as of June 30, 2025 or 2024.

Revenue Recognition – The Foodbank recognizes revenue from exchange transactions in accordance with U.S. GAAP. Revenue from program service fees and special events is recognized when services are rendered or the special event occurs.

Contributions – The Foodbank recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At June 30, 2025 and 2024, there were no contributions that have not been recognized in the statements of activities because the conditions on which they depend have not yet been met. Contributions are recorded with donor restrictions or without donor restrictions. These contributions are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, amounts with donor restrictions are reclassified to without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. The Foodbank's policy is to report contributions with donor-imposed restrictions as without donor restrictions when these restrictions are met in the same year the contribution was received.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Grant Revenue – Revenue from cost reimbursement-based grants is recognized when reimbursable costs are incurred under the terms of the agreements. Revenue from performance-based grants is recognized when performance objectives, pursuant to the agreement, have been accomplished. Grant payments received in excess of the qualified costs or performance are accounted for as deferred revenue. Conditional grant revenues are recognized when the conditions or barriers on which they depend are substantially met.

Deferred Revenue – Deferred revenue results primarily from special events and grant agency payments received in advance, which will be recognized as revenue when the event occurs or when the recipient agency incurs its shared maintenance fee.

In-Kind Contributions and Expenditures – Donated services for work requiring specialized skills and are performed by individuals possessing those skills are valued at rates consistent with regular rates paid for similar work. Donated equipment, supplies, materials, and rent are valued at their estimated fair market value at the date of receipt.

Many individuals volunteer their time to perform a variety of tasks that assist the Foodbank's program services. Volunteer services neither create nor enhance financial assets nor do they require special skills, and those are not recognized as support in the accompanying statements of activities and changes in net assets.

Advertising – Advertising costs are expensed as incurred. Advertising costs totaled $180,179 and $174,580 for the years ended June 30, 2025 and 2024, respectively.

Income Taxes – The Foodbank is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), except on net income derived from unrelated business activities. IRC Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. Currently, the Foodbank has no obligation for any unrelated business income tax. The Foodbank believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses – The statements of functional expenses present the natural classification detail of expenses by function for the Foodbank. The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be specifically identified to a functional area are allocated directly. Expenses that are common to more than one function are allocated by various statistical means and by the use of management's estimates. Personnel services and other expenses are allocated based on time and effort, full time equivalents, and square footage.

Use of Estimates in the Preparation of Financial Statements – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no effect on changes in net assets but decreased net cash flows from operations by $90,712.

Note 2—Investments

Investments are summarized as follows:

	Fair Value Measurements as of June 30, 2025		
	Adjusted Cost Basis	Fair Value	Cumulative Unrealized Gain
Money market funds	$ 135,366	$ 135,366	$ -
Bond and fixed income mutual funds	5,608,118	5,758,014	149,896
Equity mutual funds	3,962,693	5,040,050	1,077,357
Securities	1,103,937	1,809,067	705,130
Total investments	$ 10,810,114	$ 12,742,497	$ 1,932,383

	Fair Value Measurements as of June 30, 2024		
	Adjusted Cost Basis	Fair Value	Cumulative Unrealized Gain (Loss)
Money market funds	$ 423,619	$ 423,619	$ -
Bond and fixed income mutual funds	5,478,993	5,460,323	(18,670)
Equity mutual funds	3,375,031	4,194,438	819,407
Securities	1,100,165	1,598,758	498,593
Total investments	$ 10,377,808	$ 11,677,138	$ 1,299,330

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 changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

The following summarizes investment return, net for the years ended June 30:

	2025	2024
Interest and dividends	$ 471,370	$ 451,540
Unrealized gain	647,898	841,923
Realized gain	200,047	-
Investment fees	(72,773)	(35,866)
	$ 1,246,542	$ 1,257,597

Note 3—Inventory

Inventory consists primarily of USDA commodities and purchased food inventory stated at the lower of (first-in, first-out) cost or net realizable value. Donated foods inventory is stated at the wholesale value per pound of donated product as determined by Feeding America as of June 30, 2025 and 2024 (see Notes 1 and 4). Inventory is summarized as follows:

	2025		2024	
	Poundage	Value	Poundage	Value
Donated food inventory	345,165	$ 528,103	75,357	$ 131,121
USDA commodities and FEMA	692,486	1,060,282	1,344,353	2,339,174
Purchased food inventory	314,031	331,443	329,386	453,214
	1,351,682	$ 1,919,828	1,749,096	$ 2,923,509

Note 4—Contributed nonfinancial assets

The Foodbank received $15,184,179 and $18,331,249 of donated food during the years ended June 30, 2025 and 2024, respectively. Food includes the following main categories: proteins, produce, dairy, bread, and beverages as well as a minimal amount of essential household and personal products. Contributed food was utilized in Food Distribution, Mobile Pantry, and Culinary and Kids Café programs in 2025 and 2024.

The Foodbank received approximately 6.3 million pounds and 10.5 million pounds, and distributed approximately 5.7 million pounds and 9.4 million pounds, of donated food during the years ended June 30, 2025 and 2024, respectively. The donated food is recorded in the financial statements as public support and as expense at the estimated average fair value of one pound of donated food product at the nation level of $1.72 and $1.74 for the years ended June 30, 2025 and 2024, respectively. These values were determined based upon calendar years 2025 and 2024 studies performed by Feeding America.

Note 5—Property and equipment, net

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

	2025	2024
Buildings and improvements	$ 5,598,645	$ 5,482,896
Equipment	1,400,081	1,349,571
Transportation equipment	1,350,511	1,300,511
Land and improvements	950,855	950,855
	9,300,092	9,083,833
Less allowance for depreciation	4,153,551	3,757,237
	$ 5,146,541	$ 5,326,596

Depreciation expense was $396,314 and $394,864 for the years ended June 30, 2025 and 2024, respectively.

Note 6—Program service fees receivable

The Foodbank charges a shared maintenance fee (maximum of 19 cents per pound) to the recipient agency, church, or other charitable organization which takes the donated food and commodities and redistributes such items to the poor, needy, and hungry. This fee offsets a portion of the handling and redistribution costs incurred by the Foodbank. Many donated items, specifically fresh produce and bread are distributed free of a shared maintenance fee. Accounts receivable – program service fees of $50,551 and $127 as of June 30, 2025 and 2024, respectively, are for outstanding shared maintenance fees. As of July 1, 2023 program service fees of $5,531 were outstanding for shared maintenance fees.

Note 7—Retirement plans

The Foodbank had a Comprehensive ERISA Specimen 403(b) Plan effective January 1, 2019. The Foodbank contributes 3% of all participants' compensation upon the participants meeting the eligibility requirements. Annual retirement contributions amounted to $51,631 and $43,306 for the years ended June 30, 2025 and 2024, respectively.

Note 8—Public support

The Foodbank received 4% and 3% of its total revenue for the years ended June 30, 2025 and 2024, respectively, through allocations and designations from the United Way of the Virginia Peninsula. The United Way determines allocations annually and funds the Foodbank at their discretion.

Note 9—Related party transactions

Several Board members are employed by organizations that contribute a significant amount of food to the Foodbank that is included in the donated food transactions. As of June 30, 2025 and 2024, a significant amount of the Foodbank's cash and investments were maintained in banks with which Board members were associated.

Note 10—Board-designated funds

The Foodbank's Board agreed to designate a portion of the Foodbank's available cash to serve as a reserve fund for future capital and operational expenses. The operating reserve fund requires 12 months of operations to be designated to ensure the stability of the Foodbank's mission and ongoing operations. The capital reserve fund is designated for future capital needs of the Foodbank. The designated funds are held in short-term, highly liquid investments.

Note 11—Fair value measurements

U.S. GAAP provides the framework for measuring fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Note 11—Fair value measurements (continued)

The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

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

Level 2 – Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; and/or (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2025 or 2024:

Mutual Funds – Valued at the daily close price as reported by the fund. Mutual funds held by the Foodbank are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish a daily net asset value and transact at that price.

Marketable Equity Securities – Investments in marketable equity securities are valued based on quoted market prices.

The following tables set forth by level, within the fair value hierarchy as measured on a recurring basis, the Foodbank's assets at fair value as of June 30:

	June 30, 2025			
	Total	Fair Value Measurements		
	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 135,366	$ 135,366	$ -	$ -
Bond and fixed income mutual funds	5,758,014	5,758,014	-	-
Equity mutual funds	5,040,050	5,040,050	-	-
Securities	1,809,067	1,809,067	-	-
Total fair value measurements	$ 12,742,497	$ 12,742,497	$ -	$ -

	June 30, 2024			
	Total	Fair Value Measurements		
	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 423,619	$ 423,619	$ -	$ -
Bond and fixed income mutual funds	5,460,323	5,460,323	-	-
Equity mutual funds	4,194,438	4,194,438	-	-
Securities	1,598,758	1,598,758	-	-
Total fair value measurements	$ 11,677,138	$ 11,677,138	$ -	$ -

Note 12—Concentrations

The Foodbank is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Foodbank to risk consist principally of cash and investments. The Foodbank places its cash and investments with high quality financial institutions that participate in Federal Deposit Insurance Corporation and Securities Investor Protection Corporation programs. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds.

The Foodbank's potential credit risk in regards to accounts receivable is limited due to the nature of the Foodbank's receivables as well as the Foodbank's collection history. The Foodbank receives substantial donations of food from federal and state governments. If a significant reduction in the amount of donated food were to occur, it would affect the Foodbank's future programs and activities.

Note 13—Donor restrictions on net assets

Net assets with donor restrictions were released from donor restrictions by incurring expenses that satisfy the purpose or time restrictions specified by donors during the year ended June 30 as follows:

	2025	2024
Program and support services	$ 1,276,553	$ 3,519,143
Time restrictions released	588,845	78,723
	$ 1,865,398	$ 3,597,866

Net assets with donor restrictions were restricted for the following reasons as of June 30:

	2025	2024
Time restrictions related to other receivables	$ 45,454	$ 63,430
Grants	-	23,786
	$ 45,454	$ 87,216

Note 14—Liquidity

The following table reflects the Foodbank's financial assets as of June 30 (which exclude inventory, land held for investment, other current assets, and property and equipment), reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2025	2024
Cash and cash equivalents	$ 7,166,665	$ 7,134,241
Investments, at fair value	12,742,497	11,677,138
Accounts receivable:		
Grants	41,672	2,168,104
Program service fees	50,551	127
Financial assets at end of year	20,001,385	20,979,610
Less assets unavailable for general expenditures within one year:		
Donor-restricted net assets	45,454	87,216
Assets with Board designations	11,077,536	10,434,945
	11,122,990	10,522,161
Financial assets available to meet cash needs for general expenditures within one year	$ 8,878,395	$ 10,457,449

As part of the Foodbank's liquidity management plan, it structures its financial assets to be available as its obligations come due. The Foodbank regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. Board-designated net assets may be made available, if needed, and approved by the Board. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foodbank considers all expenditures related to its ongoing mission related activities as well as the conduct of services undertaken to support those activities to be general expenditures. Management is of the opinion that sufficient liquidity exists to meet its obligations.

Note 15—Subsequent events

The Foodbank evaluated its June 30, 2025 financial statements for subsequent events through February 6, 2026, the date the financial statements were available to be issued.

COMPLIANCE SECTION

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Virginia Peninsula Foodbank
Hampton, Virginia

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 the Foodbank (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foodbank's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foodbank's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 were not identified. We identified one 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 the Foodbank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Foodbank's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Foodbank's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Foodbank's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Foodbank'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 Foodbank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
February 6, 2026

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Virginia Peninsula Foodbank
Hampton, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Virginia Peninsula Foodbank's (the "Foodbank") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. The Foodbank'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, the Foodbank complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the Foodbank and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 the Foodbank'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 Foodbank'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 Foodbank'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 generally accepted auditing standards, *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 the Foodbank's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Foodbank'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 Foodbank'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 the 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 consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

Cherry Bekaert LLP

Raleigh, North Carolina
February 6, 2026

VIRGINIA PENINSULA FOODBANK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
The Food Distribution Cluster:				
U.S. Department of Agriculture				
Pass-through from Virginia Department of Agriculture and Consumer Services:				
The Emergency Food Assistance Program (Administrative Costs)	10.568	67-350	$ -	$ 497,090
The Emergency Food Assistance Program (Food Commodities)	10.569	67-350	-	5,186,861
			-	5,683,951
Commodity Supplemental Food Program (Administrative Costs)	10.565	67-350	-	12,793
Commodity Supplemental Food Program (Food Commodities)	10.565	67-350	-	600,994
			-	613,787
Total The Food Distribution Cluster Pass-Through from Virginia Department of Agriculture and Consumer Services			-	6,297,738
The Child Nutrition Cluster:				
Pass-through from Virginia Department of Health:				
Summer Food Service Program for Children	10.559	N/A	-	157,589
Total The Child Nutrition Cluster			-	157,589
Pass-through from Virginia Department of Health:				
Virginia Child and Adult Care Food Program	10.558	N/A	-	283,826
Total Pass-Through from Virginia Department of Health			-	441,415
Total U.S. Department of Agriculture			-	6,739,153
U.S. Department of Homeland Security				
Pass-through from the VA Federation of Foodbanks:				
Temporary Assistance for Needy Families	93.558	N/A	-	219,895
U.S. Department of Treasury				
Pass-through from VA Department of Agriculture and Consumer Services: State and Local Fiscal Recovery Funds	21.027	N/A	-	5,739
Total Federal Awards			$ -	$ 6,964,787

See accompanying notes to schedule of expenditures of federal awards

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Virginia Peninsula Foodbank (the "Foodbank") 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 the Foodbank, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Foodbank.

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, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations,* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3—Indirect cost rate

The Foodbank has elected to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4—Food commodities

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Distributed food is reported in the Schedule under the Commodity Supplemental Food Program and the Emergency Food Assistance Program and is valued at the weighted-average wholesale value of one pound of donated product based on the national per pound price as provided by the Nation's Foodbank Network Valuation Study ($1.72 for the year ended June 30, 2025).

Note 5—Pass-through state agencies

Expenditures of federal awards for funds passed through state agencies are based on information provided by the respective agencies. Pass-through entity identifying numbers are presented where available.

VIRGINIA PENINSULA FOODBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section I—Summary of auditor's results

Financial Statements

Type of auditor's report 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?	__X__ yes	______ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	__X__ none reported
Noncompliance material to financial statements noted	______ yes	__X__ no

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	______ yes	__X__ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	__X__ none reported

Type of auditor's report issued on compliance for federal major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ yes	__X__ no

Identification of major federal programs:

Assistance Listing #	**Program Name**
10.565 / 10.568 / 10.569	The Emergency Food Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	__X__ yes	______ no

Section II—Findings in relation to the audit of the financial statements

Finding: 2025-001
Material Weakness over Revenue Recognition

Criteria: Revenue recognition should occur when activities are performed and any conditions are met to earn the recorded revenue, regardless of condition or restrictions.

Condition: During the year ended June 30, 2025, the Foodbank improperly recorded as earned revenue approximately $1,700,000 related to future grant funding the Foodbank was notified of receiving but had not yet met the conditions to record as earned revenue.

Context: Management recorded these funds as restricted revenue during the year ended June 30, 2025 ahead of the period of performance for the grant awards, resulting in an adjustment at year-end to properly state revenue recognized.

Effect: If this had not been corrected, financial information for the year ended June 30, 2025 would report an overstatement of restricted revenue and net assets.

Cause: During the year ended June 30, 2024, the Foodbank was notified of awards, and management recorded a receivable and deferred revenue as of June 30, 2024, as they anticipated earning the revenue shortly after year end. At June 30, 2025, management incorrectly recognized the revenue and removed the deferred revenue balance, although the revenue had not yet been earned, and the entry for the adjustment had not been reviewed or approved separately from the preparer. As of June 30, 2025, management was no longer certain when the revenue would be earned and therefore also removed the accounts receivable and deferred revenue balances previously recorded.

Recommendation: We recommend that management implement a process to monitor any deferred revenue balances and ensure all journal entries have a secondary review and approval prior to being posted.

Management's Response: See Corrective Action Plan.

Proposed Completion Date: January 31, 2026

Section III—Federal awards findings and questioned costs

None reported.

Section IV—Prior year findings

Finding: 2024-001 - Corrected

January 12, 2026

Corrective Action Plan

Finding: 2025-001

Correction Action:

The new Executive Management team has implemented a process whereby grants are reviewed by the development and finance departments on an ongoing basis to ensure accurate revenue recognition.

Sheri McCarthy, Chief Financial Officer

1- 29-2026

Date

2401 Aluminum Avenue | Hampton, VA 23661 | 757.596.7188 | hrfoodbank.org