AUDITED
CONSOLIDATED FINANCIAL STATEMENTS

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITIES

DECEMBER 31, 2023

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITIES

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FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	$ 9,714,728	$ 11,929,705
Restricted cash	8,280,826	3,882,546
Grants and accounts receivable, net	2,539,497	4,669,607
Pledges receivable	1,875,434	1,191,495
Prepaid expenses	57,749	64,885
Food inventory	3,203,762	2,927,099
Investments	-	99,055
Total current assets	25,671,996	24,764,392
Investments	19,533,601	17,004,485
Land, building and equipment, net	12,711,771	11,041,925
Pledges receivable, net	2,331,809	1,923,349
Beneficial interest in assets held by others	13,492,309	12,658,053
Right-of-use asset for operating leases, net	117,430	155,514
Right-of-use asset for finance leases, net	170,746	236,841
Total assets	$ 74,029,662	$ 67,784,559
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 1,538,800	$ 2,635,711
Accrued expenses	694,236	387,801
Refundable advances	573,908	21,354
Current operating lease liability	38,608	38,084
Current finance lease liability	71,810	70,885
Total current liabilities	2,917,362	3,153,835
Long-term lease liabilities:		
Operating lease liability	78,822	117,430
Finance lease liability	90,270	162,080
Total long-term lease liabilities	169,092	279,510
Net assets:		
Without donor restrictions	44,935,965	44,889,978
With donor restrictions	26,007,243	19,461,236
Total net assets	70,943,208	64,351,214
Total liabilities and net assets	$ 74,029,662	$ 67,784,559

See accompanying notes.

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, grants and other support:			
Contributions:			
Government funding	$ 14,090,425	$ 3,111,000	**$ 17,201,425**
Client contributions of cash and other financial assets	1,054,982	-	**1,054,982**
General contributions	4,025,524	5,810,945	**9,836,469**
Special events	1,139,277	-	**1,139,277**
Private grants	1,378,863	-	**1,378,863**
Revenues:			
Contract Medicaid funding	1,078,525	-	**1,078,525**
Program fees	691,884	-	**691,884**
Lease income	96,757	-	**96,757**
Contributions of nonfinancial assets:			
Donated food	10,796,391	-	**10,796,391**
USDA food	5,580,385	-	**5,580,385**
General	178,878	-	**178,878**
Net assets released from restrictions	3,210,194	(3,210,194)	**-**
Total revenue, grants and other support	43,322,085	5,711,751	**49,033,836**
Expenditures:			
Program services	42,210,006	-	**42,210,006**
Management and general	2,518,083	-	**2,518,083**
Fundraising	1,672,551	-	**1,672,551**
Total expenditures	46,400,640	-	**46,400,640**
Income (loss) from operations	(3,078,555)	5,711,751	**2,633,196**
Other income (loss):			
Interest income	912,870	-	**912,870**
Change in beneficial interest in assets held by others	500,000	834,256	**1,334,256**
Net realized and unrealized gain on investments	1,711,672	-	**1,711,672**
Total other loss	3,124,542	834,256	**3,958,798**
Change in net assets	45,987	6,546,007	**6,591,994**
Net assets - beginning of year	44,889,978	19,461,236	**64,351,214**
Net assets - end of year	$ 44,935,965	$ 26,007,243	**$ 70,943,208**

See accompanying notes.

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITY

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, grants and other support:			
Contributions:			
Government funding	$ 12,632,448	$ 3,771,943	**$ 16,404,391**
Client contributions of cash and other financial assets	1,213,260	-	**1,213,260**
General contributions	5,414,095	6,707,764	**12,121,859**
Special events	1,747,120	-	**1,747,120**
Beneficial interest in assets held by others	-	13,108,724	**13,108,724**
Private grants	1,635,868	-	**1,635,868**
Revenues:			
Contract Medicaid funding	970,131	-	**970,131**
Program fees	1,355,158	-	**1,355,158**
Rental income	399,262	-	**399,262**
Contributions of nonfinancial assets:			
Donated food	9,564,983	-	**9,564,983**
USDA food	5,141,214	-	**5,141,214**
General	277,375	-	**277,375**
Net assets released from restrictions	4,910,706	(4,910,706)	**-**
Total revenue, grants and other support	45,261,620	18,677,725	**63,939,345**
Expenditures:			
Program services	38,024,896	-	**38,024,896**
Management and general	1,554,232	-	**1,554,232**
Fundraising	1,635,629	-	**1,635,629**
Total expenditures	41,214,757	-	**41,214,757**
Income (loss) from operations	4,046,863	18,677,725	**22,724,588**
Other income:			
Interest income	416,584	-	**416,584**
Change in beneficial interest in assets held by others	-	(188,521)	**(188,521)**
Net realized and unrealized gain on investments	(3,099,424)	-	**(3,099,424)**
Total other incomes	(2,682,840)	(188,521)	**(2,871,361)**
Change in net assets	1,364,023	18,489,204	**19,853,227**
Net assets - beginning of year	43,525,955	972,032	**44,497,987**
Net assets - end of year	$ 44,889,978	$ 19,461,236	**$ 64,351,214**

See accompanying notes.

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITY

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ 6,591,994**	$ 19,853,227
Reconciliation of change in net assets to net cash provided by operating activities:		
Depreciation	**904,840**	827,166
Amortization of right-of-use-asset for finance lease	**66,095**	66,097
Net realized and unrealized loss (gain) on investments	**(1,776,058)**	3,035,949
Change in beneficial interest in assets held by others	**(834,256)**	450,671
Contributions restricted for long-term purposes	**-**	(13,108,724)
Contributions restricted for capital campaign	**(5,170,378)**	(6,879,293)
Changes in:		
Pledges receivable - operating	**(1,092,399)**	(2,892,654)
Grants and accounts receivable, net	**2,130,110**	41,499
Prepaid expenses	**7,136**	107,981
Food inventory	**(276,663)**	(922,433)
Right-of-use asset for operating lease	**38,084**	37,565
Accounts payable	**(1,096,911)**	367,708
Accrued expenses	**306,435**	1,646
Refundable advances	**552,554**	(254,169)
Operating lease liability	**(38,084)**	(37,565)
Net cash provided by operating activities	**312,499**	694,671
Cash flows from investing activities:		
Purchase of equipment	**(2,574,686)**	(1,834,349)
Purchase of investments	**(2,334,003)**	(1,817,738)
Proceeds from sale of investments	**1,680,000**	1,416,000
Net cash used in investing activities	**(3,228,689)**	(2,236,087)
Cash flows from financing activities:		
Proceeds from capital campaign contributions	**5,170,378**	6,879,293
Repayment of finance lease liability	**(70,885)**	(69,973)
Net cash provided in financing activities	**5,099,493**	6,809,320
Net change in cash, cash equivalents, and restricted cash	**2,183,303**	5,267,904
Cash, cash equivalents, and restricted cash - beginning of year	**15,812,251**	10,544,347
Cash, cash equivalents, and restricted cash - end of year	**$ 17,995,554**	$ 15,812,251

Total cash, cash equivalents, and restricted cash reconciliation:

The following table provides a reconciliation of cash, cash equivalents, and restricted cash to the amounts reported within the statements of financial position:

	2023	2022
Cash and cash equivalents	**$ 9,714,728**	$ 11,929,705
Restricted cash	**8,280,826**	3,882,546
	$ 17,995,554	$ 15,812,251

See accompanying notes.

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES
For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Salary and wages	$ 5,336,091	$ 1,617,872	$ 553,864	$ 7,507,827
Employee taxes and benefits	1,466,091	393,124	154,838	2,014,053
Contracted employment	-	500	-	500
Total personnel and related expenses	6,802,182	2,011,496	708,702	9,522,380
Purchased food	12,763,199	-	-	12,763,199
Contracted food service	1,835,101	-	-	1,835,101
Fundraising and special events	-	-	730,715	730,715
Grants and awards	716,905	-	-	716,905
Information technology	514,118	81,223	98,327	693,668
Occupancy	659,250	30,566	-	689,816
Office supplies	315,838	59,823	19,721	395,382
Transportation	327,664	1,817	-	329,481
Professional services	188,952	138,307	-	327,259
Insurance	182,161	20,165	-	202,326
Travel	116,391	20,702	4,364	141,457
Food production	127,095	-	-	127,095
Other administrative	-	96,846	-	96,846
Lease expense	114,739	-	-	114,739
Repairs and maintenance	53,061	-	-	53,061
Bad debts	25,165	6,762	-	31,927
Volunteers	27,594	-	-	27,594
Total other expenses	17,967,233	456,211	853,127	19,276,571
Total operating expenses	24,769,415	2,467,707	1,561,829	28,798,951
In-kind value of donated food	16,517,970	-	-	16,517,970
In-kind value of donated supplies and services	67,261	896	110,722	178,879
Total in-kind expenses	16,585,231	896	110,722	16,696,849
Expenses before depreciation	41,354,646	2,468,603	1,672,551	45,495,800
Depreciation and amortization	855,360	49,480	-	904,840
Total expenses	$ 42,210,006	$ 2,518,083	$ 1,672,551	$ 46,400,640

See accompanying notes.

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES
For the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Salary and wages	$ 3,637,246	$ 721,914	$ 504,134	$ 4,863,294
Employee taxes and benefits	969,747	192,057	133,084	1,294,888
Contracted employment	129,363	57,168	-	186,531
Total personnel and related expenses	4,736,356	971,139	637,218	6,344,713
Purchased food	6,925,001	-	-	6,925,001
Contracted food service	6,660,130	-	-	6,660,130
Grants and awards	3,196,013	-	-	3,196,013
Fundraising and special events	23	-	846,043	846,066
Occupancy	437,709	-	-	437,709
Office supplies	230,562	58,318	29,734	318,614
Transportation	291,070	-	-	291,070
Information technology	125,117	75,953	81,012	282,082
Professional services	104,783	151,725	-	256,508
Insurance	139,679	-	-	139,679
Lease expense	119,835	-	-	119,835
Food production	115,946	-	-	115,946
Travel	99,645	-	6,192	105,837
Bad debts	-	89,813	-	89,813
Other administrative	-	63,352	-	63,352
Repairs and maintenance	49,272	-	-	49,272
Volunteers	26,354	-	-	26,354
Total other expenses	18,521,139	439,161	962,981	19,923,281
Total operating expenses	23,257,495	1,410,300	1,600,199	26,267,994
In-kind value of donated food	13,820,369	-	-	13,820,369
In-kind value of donated supplies and services	94,326	103,375	35,430	233,131
Total in-kind expenses	13,914,695	103,375	35,430	14,053,500
Expenses before depreciation	37,172,190	1,513,675	1,635,629	40,321,494
Depreciation	852,706	40,557	-	893,263
Total expenses	$ 38,024,896	$ 1,554,232	$ 1,635,629	$ 41,214,757

See accompanying notes.

NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations: FeedMore of Western New York, Inc. (the Organization) (FeedMore) is a not-for-profit organization in Western New York dedicated to obtaining nutritious food and support from public and private sources and efficiently distributing these resources to the hungry in Western New York through its member agencies. The Organization solicits donations of surplus food and grocery items from the food industry, public and private sources, and distributes these products to qualified 501(c)(3) charities. The food is obtained from various donors based in Western New York, national donors through an affiliation with Feeding America, and the United States Department of Agriculture (USDA). The Organization also distributes purchased food with funds from private contributions, private foundations and government grants, and respectfully provides food, training, education and hunger advocacy for its member agencies and clients. The Organization also provides the delivery of nutritious meals to home-bound elderly and disabled persons in the community.

FeedMore WNY Foundation, Inc. (the Foundation), an entity influenced by the Organization, is a public charity under Section 170(b)(1)(a)(vi) whose purpose is to raise, hold and invest funds for the Organization and other beneficiary organizations involved in the promotion of nutritious meals to home-bound individuals and the solicitation, collection, and storage of food products and the distribution of food products to feed people in need.

Hearty Helpings, Inc (HHI) was formed in January 2023 and is a not-for-profit corporation whose sole corporate member is FeedMore Western New York Inc. HHI was formed to conduct the program of preparing and distributing meals for needy individuals throughout Erie, Niagara, and Chautauqua Counties.

Principles of Consolidation: The consolidated financial statements include the accounts of FeedMore Western New York, Inc., FeedMore Foundation of WNY, Inc. and Hearty Helpings, Inc. (collectively, the Organization). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation: The consolidated financial statements have been prepared on the accrual basis of accounting.

Accounting for Contributions Received and Contributions Made: In accordance with generally accepted accounting principles in the United States of America (U.S. GAAP), the Organization recognizes contributions received as income and contributions made as expenses. The Organization recognizes all contributions received as income in the period received. All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a restriction is fulfilled, 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions. The Organization recognizes contributions made as expenses in the period pledged or distributed.

Revenue Recognition: Support received under Federal, New York State and County grants is recorded as revenue when the related costs are incurred. Included in grants and accounts receivable on the consolidated statements of financial position is $1,941,911 which represents amounts due to the Organization for reimbursement of costs incurred during the year ended December 31, 2023 ($3,858,391 – 2022). There was $573,908 received in advance classified as refundable advances related to grant revenue at December 31, 2023 ($21,354 – 2022).

Shared Maintenance Fees: Through membership agreements, nonprofit agencies agree to share the cost of operations by contributing up to fourteen cents for each pound of donated product they receive. The Organization will not stop supplying an organization, which provides emergency relief, for failure to contribute to shared maintenance. For the period August 1, 2022 through July 1, 2023, these fees were waived and absorbed by the Organization to help offset the challenges of the Organization’s enterprise resource planning (ERP) system transition.

NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Reimbursement Fees: The Organization receives reimbursements under Federal, State, County and private grants for a portion of the costs incurred in receiving, storing and distributing purchased and USDA food products.

Donated and In-Kind Services: Contributed goods are received by the Organization and are reflected as nonfinancial contributions and corresponding expenses in the accompanying statement of activities and changes in net assets. Additionally, a number of unpaid volunteers have made contributions of their time to develop and participate in the Organization's program. No accounting recognition is made for the fair market value of services provided by volunteer personnel as no objective basis is available to measure the value of such services.

Food Inventory: One of the primary functions of the Organization is the collection and distribution of food and grocery items. The majority of the Organization's inventory consisted of donated food. The remainder of inventory not received through in-kind donations is purchased. The inventory is valued as follows:

> **Donated food and grocery items:** The donated inventory is valued utilizing the Feeding America Product Valuation Survey. This survey helps the Organization determine the approximate wholesale value of one pound of donated product at the national level.
>
> **Purchased inventory:** The purchased inventory is valued at the lower of cost or market on a first-in, first-out basis (FIFO). The Organization evaluated inventory levels and expected usage on a periodic basis and records valuation allowances as require.

Income Tax Status: The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal or state income taxes has been reflected in the consolidated financial statements.

U.S. GAAP provides guidance on the financial statement recognition and measurement for income tax positions that the Organization has taken or expects to take. Corporations take many tax positions relative to tax laws, including those taken in determining whether the tax is due, a refund is owed, a tax return needs to be filed, or the characterization of income as taxable (for example, unrelated business income) or nontaxable. The Organization has not recorded any liabilities relating to uncertain tax positions.

The Organization files its Return of Organization Exempt from Income Tax in the U.S. federal jurisdiction and its Annual Filing of Charitable Organizations in New York State.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires 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 revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts.

Cash and Cash Equivalents: The Organization maintains its cash in bank deposit and money market accounts which, at times, may exceed federally insured limits at several of its banks. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk with regards to its cash and cash equivalents. The Organization considers financial instruments with original maturities of three months or less to be cash equivalents.

In accordance with certain grant agreements, the Organization is required to hold cash in a separate bank account. The Organization has complied with this requirement for the years end December 31, 2023 and 2022.

NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted cash represents cash reserved to be used for expenses related to the capital campaign.

Pledges Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value which approximates fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially satisfied. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the date of pledge. Amortization of the discount is included in contribution revenue. Management's estimate of an allowance for uncollectible pledges is based on historical collection rates and an analysis of the collectability of individual promises. Management determined that no allowance related to pledges receivable was necessary at December 31, 2023 and 2022. The pledges receivable balance at January 1, 2022 amounted to $222,190.

Grants and Accounts Receivable: Accounts receivable are carried at amount invoiced or amounts due from grantors on cost reimbursement grants. Balances outstanding longer than 30 days are considered past due. The grants and accounts receivable are reviewed periodically to determine the need for an allowance. Management has determined that an allowance of $10,000 related to accounts receivable was necessary at December 31, 2023 ($11,000 – 2022). The net grants and accounts receivable balance at January 1, 2022 amounted to $4,711,106.

Allowance for Credit Losses: In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable from private contracts. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in enhanced disclosures only.

Land, Building and Equipment: Land, building, vehicles and equipment are recorded at cost and depreciated using the straight-line method over the assets' estimated useful lives. Routine repairs and maintenance costs are expensed as incurred.

Accounting principles generally accepted in the United States of America require that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There was no impairment noted for the years ended December 31, 2023 and 2022.

Advertising: The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to $20,078 for the year ended December 31, 2023 ($56,407 – 2022).

Self Insurance: The Organization was a member of a self-funded workers compensation insurance trust through April 2010. The Organization remains subject to potential future liabilities related to workers compensation claims. As of December 31, 2023 and 2022, there were no known claims for which the Organization is liable.

Concentration of Risk: The Organization maintains its excess cash primarily in savings and checking accounts at several financial institutions. Although certain cash accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institutions and reviews their performance periodically.

NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

During the year ended December 31, 2023, the Organization received approximately 49% (44% - 2022) of its revenues and other support from federal, state and county sources, including client contributions under the home delivered meals program, and the loss of any one of these sources could have a material adverse effect on the Organization. The Organization has two separate agreements (the Agreements) with the Erie County Department of Senior Services (the County) to provide home delivered meals and congregate meals, respectively. The Agreements are each for a term of three years, terminating on December 31, 2022, subject to annual appropriation. The County in its sole discretion may extend the Agreements beyond their initial terms for up to two additional one-year periods subject to the terms of Agreements. The Agreements were renewed through December 31, 2023.

Net Assets: The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

***Net Assets Without Donor Restrictions*:** Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

***Net Assets With Donor Restrictions*:** Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

***Classification of Transactions*:** All revenues and net gains are reported as increases in net assets without donor restrictions in the consolidated statement of activities and changes in net assets unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense recognition and allocation: The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, repairs and maintenance, occupancy, and other administrative which are allocated by percentage of square footage, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Every year the basis on which costs are allocated are evaluated.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Leases: The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of operations.

The Organization made an accounting policy election under available Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free rate borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its building. The non-lease components typically represent additional services transferred to the Organization such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Assets Held by Others: The Organization is the beneficiary of a gift held in perpetuity and administrated by a third party. The beneficial interest in the assets is reported at fair value, which is estimated as the fair value of the underlying assets. Periodic distributions of income from the invested assets are recorded by the Organization and are without donor restriction. The value of the beneficial interest in the assets is adjusted annually for the change in its estimated fair value. These changes in value are reported as other income (loss) from beneficial interest on the accompanying statement of activities and changes in net assets.

Contributed Nonfinancial Assets: In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The Organization adopted ASU 2020-07 as of January 1, 2022, see Note 12.

Subsequent Events: Subsequent events have been evaluated through [DATE], which is the date the consolidated financial statements were available to be issued.

NOTE 2. GRANTS AND ACCOUNTS RECEIVABLE

The grants and accounts receivable consist of the following at December 31,

	2023	2022
Due from New York State	**$ 1,093,349**	$ 3,212,299
Due from Erie and Niagara County	**830,348**	646,092
Due from private pay contracts	**433,826**	285,843
Other	**191,974**	536,373
	2,549,497	4,680,607
Less allowance for doubtful accounts	**(10,000)**	(11,000)
	$ 2,539,497	$ 4,669,607

NOTE 3. PLEDGES RECEIVABLE

The Organization initiated a Capital Campaign (the "Campaign") to raise funds for a new facility. The Campaign, commenced in 2021, is intended to last a minimum of 3 years. During the year ended December 31, 2023, the Organization raised approximately $3,685,000 under the Campaign ($4,575,000 - 2022). As of December 31, 2023, pledges receivable relating to the campaign have been recorded in the amount of $4,178,208 ($3,065,194 - 2022). The Organization has additional other pledges receivables which are not related to the capital campaign in the amount of $29,036 as of December 31, 2023 ($49,650 - 2022).

NOTE 3. PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable, net of present value discount, are summarized as follows at December 31,:

	2023	2022
Pledges expected to be collected in:		
Less than one year	**$ 1,875,434**	$ 1,191,495
One to five years	**2,368,438**	1,806,348
More than five years	**150,018**	290,092
	4,393,890	3,287,935
Less present value discount	**186,647**	173,091
	4,207,243	3,114,844
Less current portion	**1,875,434**	1,191,495
Long-term portion, net of discount	**$ 2,331,809**	$ 1,923,349

NOTE 4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of December 31, are:

	2023	2022
Financial assets available for expenditure:		
Cash and cash equivalents	**$ 9,714,728**	$ 11,929,705
Pledges receivable	**4,207,673**	3,114,844
Grants and accounts receivable, net	**2,539,497**	4,669,607
Investments	**19,533,601**	17,103,540
Total financial assets	**35,995,499**	36,817,696
Less financial assets held to meet donor-imposed restrictions and board designated assets:		
Board designated assets – capital campaign	**23,400,000**	23,400,000
Purpose and time restricted net assets (see Note 10)	**12,514,934**	6,803,183
Amount available for general expenditures within one year	**$ 80,565**	$ 6,614,513

Additional working capital needs of the Organization related to core programs and capital expenditures can be funded through philanthropic efforts of the Foundation. The Organization currently has a line of credit available which can be used for additional liquidity purposes. See Note 8. Additionally, the Board has the ability to undesignated board restricted funds to meet working-capital needs, if required.

NOTE 5. INVESTMENTS

Financial Accounting Standards Board (FASB) *Accounting Standard Codification* (ASC) 820, *Fair Value Measurements,* establishes a framework for measuring fair value. That framework provides a 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three Levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

NOTE 5. INVESTMENTS (CONTINUED)

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of valuation methodologies used at December 31, 2023 and 2022:

Mutual Funds and Exchange Traded Funds (ETFs): Valued at the closing price reported on the active market on which the individual securities are traded. These investments are classified as Level 1 investments.

Corporate Equity Securities: Valued at closing price reported on the active market on which the individual securities are traded. Equity securities are classified as Level 1 investments.

Money Market Funds: A Money Market Fund is a public investment vehicle valued using $1 for the NAV. Money market funds are classified as level 1 investments.

Corporate Bonds and Notes: Valued based on yields currently available on comparable securities of issuers with similar credit ratings. Corporate bonds and notes are classified as level 2 investments.

U.S. Treasury and Agency Bonds: Valued at the closing price reported on the active market on which the individual securities are traded. U.S. treasury and agency bonds are classified as level 1 investments.

Investments in equity securities with readily determinable fair values are presented in the financial statements at fair value. Investments in debt securities, all of which are available-for-sale and have maturities during 2023, are also presented in the financial statements at fair value. Net realized and unrealized gains which are reported in the consolidated statement of activities and changes in net assets for the year ended December 31, 2023 amounted to $1,711,672. Included in this value are management fees paid to the Organization's investment advisor amounting to $64,386. Net realized and unrealized losses for the year ended December 31, 2022 amounted to $3,099,424. Management fees for the year ended December 31, 2022 amounted to $63,470. The Organization has measured its investments at fair value on a recurring basis.

Investments consist of the following at December 31, 2023:

	Cost	Fair Value
Mutual funds and ETFs	**$ 15,351,812**	**$ 15,593,588**
Corporate equity securities	**1,678,723**	**2,007,704**
Money market funds	**1,932,309**	**1,932,309**
	$ 18,962,844	**$ 19,533,601**

NOTE 5. INVESTMENTS (CONTINUED)

Investments consist of the following at December 31, 2022:

	Cost	Fair Value
Mutual funds and ETFs	$ 14,320,818	$ 13,479,583
Corporate equity securities	3,049,473	2,997,042
Money market funds	527,859	527,859
Corporate bonds and notes	50,327	49,789
U.S. Treasury and agency bonds	50,101	49,267
	$ 17,998,578	$ 17,103,540

The following tables set forth financial assets measured at fair value in the consolidated statements of financial position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2023 and 2022:

	Assets at Fair value As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds and ETFs	$ 15,593,588	$ -	$ -	**$ 15,593,588**
Corporate equity securities:				
Domestic stocks	1,840,375	-	-	**1,840,375**
Foreign stocks	167,329	-	-	**167,329**
Money market funds	1,932,309	-	-	**1,932,309**
Total assets at fair value	$ 19,533,601	$ -	$ -	**$ 19,533,601**

	Assets at Fair value As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds and ETFs	$ 13,479,583	$ -	$ -	**$ 13,479,583**
Corporate equity securities:				
Domestic stocks	2,770,454	-	-	**2,770,454**
Foreign stocks	226,588	-	-	**226,588**
Money market funds	527,859	-	-	**527,859**
Corporate bonds and notes	-	49,789	-	**49,789**
U.S. Treasury and agency bonds	49,267	-	-	**49,267**
Total assets at fair value	$ 17,053,751	$ 49,789	$ -	**$ 17,103,540**

NOTE 6. LAND, BUILDING AND EQUIPMENT

Land, building and equipment are comprised of the following at December 31,:

	2023	2022
Land	**$ 3,192,985**	$ 3,192,985
Building	**8,832,054**	8,820,814
Leasehold improvements	**63,845**	63,845
Furniture, fixtures and equipment	**4,179,880**	5,284,143
Vehicles	**2,879,172**	1,907,415
Construction in process	**2,382,188**	1,248,291
	21,530,124	20,517,493
Less accumulated depreciation	**8,818,353**	9,475,568
	$ 12,711,771	$ 11,041,925

Asset categories and related estimated useful lives are as follows:

Building	39 - 40 years
Leasehold improvements	15 - 35 years
Furniture, fixtures and equipment	3 - 10 years
Vehicles	5 years

Depreciation expense amounted to $904,840 for the year ended December 31, 2023 ($893,263 – 2022).

NOTE 7. INVENTORY

Purchased Product: Food and grocery items that have been purchased with public and private funds, but which have not been distributed, are reported as inventory. The inventory of grant purchased food will be distributed at no charge to qualified organizations. This inventory is valued at cost. The cost of grant food and grocery items distributed during the year end December 31, 2023 amounted to $6,113,697 and $840,965 under State and County, and private grant programs, respectively ($5,791,779 and $495,269 – 2022). Additional Federal (FEMA) and County funds were made available to member agencies with which to purchase food and grocery items from the wholesale inventory, which is available for purchase year-round. As of December 31, 2023, the value of purchased product amounted to $1,156,028 ($710,508 – 2022).

Donated Product: The majority of food and grocery items that are distributed have been donated. The following represents a summary of these products at December 31, 2023:

	Pounds	Value
Inventory – beginning of year	**867,893**	**$ 1,553,528**
Donations received	**5,595,632**	**10,743,614**
Less:		
Distributed to WNY Programs	**(5,777,474)**	**(10,979,924)**
Spoiled items (mostly perishable)	**(86,084)**	**(165,281)**
Transformations/adjustments	**(31,063)**	**(59,641)**
Inventory – end of year	**568,904**	**$ 1,092,296**

NOTE 7. INVENTORY (CONTINUED)

The following represents a summary of these products at December 31, 2022:

	Pounds	Value
Inventory – beginning of year	325,536	$ 566,433
Donations received	5,343,565	9,564,983
Less:		
Distributed to WNY Programs	(4,821,726)	(8,630,890)
Spoiled items (mostly perishable)	(14,831)	(26,548)
Transformations/adjustments	35,349	79,550
Inventory – end of year	867,893	$ 1,553,528

The December 31, 2023 in-kind value was determined using a rate of $1.93 ($1.79 – 2022) per pound estimated by management using the most recently published Feeding America Independent Accountants' Report on applying Agreed-Upon Procedures in determining an approximate average wholesale value of one pound of donated product at the national level.

USDA Products: The in-kind value of the United States Department of Agriculture (USDA) products is supplied by the New York State Office of General Services (through the United States Department of Agriculture) for informational purposes in tracking their cost of the value of the food distributed. The following summarizes the activity of USDA food at December 31, 2023:

	Pounds	Value
Inventory – beginning of year	**314,326**	**$ 663,063**
USDA received	**3,012,527**	**5,580,385**
USDA distributed	**(2,681,578)**	**(5,270,019)**
Transformations	**(15,813)**	**(17,991)**
Inventory – end of year	**629,462**	**$ 955,438**

The following summarizes the activity of USDA food at December 31, 2022:

	Pounds	Value
Inventory – beginning of year	337,791	$ 727,998
USDA received	2,611,925	5,141,214
USDA distributed	(2,625,399)	(5,195,350)
Transformations	(9,991)	(10,799)
Inventory – end of year	314,326	$ 663,063

NOTE 8. LINE OF CREDIT

The Organization has a $4,000,000 line of credit available at a bank with interest calculated at the applicable secured overnight financing rate (SOFR) (5.38% at December 31, 2023). Prior to June 30, 2023, the interest on the line of credit was calculated at LIBOR plus 1.75% (2.20% at December 31, 2022). The line of credit is secured by the Organization's cash, securities and other assets and property. The line of credit is subject to the ongoing review of the financial institution and availability may be restricted in the future. At December 31, 2023 and 2022, no borrowings were outstanding under this arrangement. Subsequent to December 31, 2023, the line of credit was increased to $15,000,000 with interest calculated at 1.35% plus the greater of the applicable SOFR or 0.00%.

NOTE 9. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions represent the net assets of the Organization available for the furtherance of its general goals and objectives. Net assets designated by the board for the capital campaign represents the amount available to be used to fund the Organization's capital campaign. The Board has the ability to un-designate these funds at their discretion.

Designation of net assets without donor restrictions consisted of the following as of December 31:

	2023	2022
Designated by the Board of Directors for capital campaign	**$ 23,400,000**	$ 23,400,000
Undesignated	**21,535,965**	21,489,978
	$ 44,935,965	$ 44,889,978

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2023 and 2022, net assets with donor restrictions are available for the following purposes or periods:

	2023	2022
Purpose restrictions, available for spending:		
Inventory for distribution	**$ 21,682**	$ 34,116
Donations for future food expenditures	**687,494**	21,354
Donations and pledges for capital campaign	**11,776,723**	6,698,063
Other	**10,000**	18,954
Total purpose-restricted net assets	**12,495,899**	6,772,487
Time restrictions:		
Pledges made for future periods	**19,035**	30,696
Beneficial interest in assets held by others	**13,492,309**	12,658,053
Total time-restricted net assets	**13,511,344**	12,688,749
Total net assets with donor restrictions	**$ 26,007,243**	$ 19,461,236

NOTE 11. RETIREMENT PLAN

The Organization participates in two 403(b) Thrift Plans with the first covering eligible employees of the Foundation and Feedmore, and the second covering eligible employees of HHI. The 403(b) plan covering employees of HHI was effective April 1, 2023. Eligible employees are automatically enrolled in the plan with a 3% salary deferral rate. Employees who are age 18 or older and work at least 1,000 hours per year are eligible to receive employer contributions after one year of employment. The plan provides a base employer contribution equal to 3% of employee's annual compensation. The plan also provides an employer matching contribution of 100% of an employees' contribution up to 3% of the employee's annual compensation. During the year ended December 31, 2023, the Organization contributed approximately $334,000 to the 403(b) Plan ($243,000 – 2022).

NOTE 12. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets are received by the Organization and are reflected as nonfinancial contributions and corresponding expenses in the accompanying statement of activities and changes in net assets. Contributed nonfinancial assets recognized within the statement of activities for the year ended December 31, were as follows:

	2023	2022
Contributed space	$ 83,176	$ 46,887
Contributed goods	87,002	82,869
Contributed equipment	8,700	147,619
Contributed food	16,376,776	14,706,197
Total contributed nonfinancial assets	$ 16,555,654	$ 14,983,572

The Organization recognized contributed nonfinancial assets as revenue. Contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed food was utilized across the Organization's various programs. Contributed food was valued based on a rate of $1.93 ($1.79 – 2022) per pound as described in Note 7.

The contributed goods were used in line with their purpose, such as the Organization's fundraising events and animeals program. Contributed equipment will be used at the new campus. In valuing the goods and equipment, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed space is comprised of donated warehouse space. Contributed space is valued and reported at the estimated fair value based on market rent.

NOTE 13. LEASES

The Organization leases office and warehouse space under operating lease agreements that have initial terms ranging from 5 to 49 years. Some leases include one or more options to renew, generally at the Organization's sole discretion, with renewal terms that can extend the lease term up to 5 years. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

The operating lease agreements for office space represent intercompany leases between FeedMore (tenant) and the Foundation (landlord), as well as between HHI (tenant) and the Foundation (landlord). Activity as a result of these leases is eliminated upon consolidation within the accompanying consolidating statement of activity and changes in net assets, and therefore excluded from below.

NOTE 13. LEASES (CONTINUED)

The Organization also leases office equipment and vehicles under finance lease agreements with terms ranging from 4 to 7 years and interest rates ranging from 1.04% to 1.37%. The Organization's finance leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended December 31,:

	2023	**2022**
Operating lease cost	**$ 38,084**	$ 37,565
Finance lease cost – amortization of right-of use assets	**60,695**	66,097
Finance lease cost – interest on lease liabilities	**9,371**	10,979
Variable lease cost	**6,589**	5,194
Total lease cost	**$ 114,739**	$ 119,835

Supplemental cash flow information related to leases is as follows for the years ended December 31,:

Cash paid for amounts included in measurement of lease liabilities:

	2023	**2022**
Operating cash flows from operating leases	**$ 39,930**	$ 39,930
Financing cash flows from finance leases	**$ 73,487**	$ 73,487

Average lease terms and discount rates as of December 31, 2023 and 2022 are as follows:

	2023	**2022**
Weighted-average remaining lease term:		
Operating leases	**3.00 years**	4.00 years
Finance leases	**2.43 years**	3.37 years
Weighted-average discount rate:		
Operating leases	**1.37%**	1.37%
Finance leases	**1.33%**	1.33%

The aggregate future lease payments for operating and finance leases as of December 31, 2023 were as follows:

	Operating Leases	**Finance Leases**
2024	$ 39,930	$ 73,487
2025	39,930	57,600
2026	39,930	33,600
Total lease payments	$ 119,790	$ 164,687
Less imputed interest	(2,360)	(2,607)
Present value of lease liabilities	$ 117,430	$ 162,080

NOTE 14. COMMISSARY LEASE COMMITMENT

Under ASC Topic 842 lessor accounting will remain similar to lessor accounting under previous U.S. GAAP, while aligning with the FASB's new revenue recognition guidance. As a lessor, the Organization had leasing operations under an operating lease agreement for the commissary building and meal production equipment with Trio Community Living, LLC (Trio). The lease provided for annual base rent of $100,000 and an additional base rent of $250,000 per year after the year of commencement. The additional base rent increases 2.5% per year through the end of the lease term. The Organization recognizes total lease income under the agreement on a straight-line basis over the term of the lease. Trio was responsible for its pro-rata share of utilities based upon square footage of the commissary to the total building. Base rental income under this agreement amounted to $375,953 during the year ended December 31, 2022. During the year ended December 31, 2023, Trio terminated the agreement effective March 31, 2023. During the three-month period lease payments collected amounted to $93,988.

Property held for lease to others under operating leases consists of the following at December 31:

	2023	2022
Building	$ -	$ 4,330,783
Equipment	-	2,425,292
	-	6,756,075
Less accumulated depreciation	-	3,006,162
	$ -	$ 3,749,913

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS	FeedMore Western New York, Inc.	FeedMore WNY Foundation, Inc.	Hearty Helpings, Inc.	Eliminations	Total
Current assets:					
Cash and cash equivalents	$ 3,048,095	$ 6,423,930	$ 242,703	$ -	**$ 9,714,728**
Restricted cash	-	8,280,826	-	-	**8,280,826**
Grants and other accounts receivable, net	2,420,012	2,344,564	1,330,529	(3,555,608)	**2,539,497**
Pledges receivable, net	-	1,875,434	-	-	**1,875,434**
Prepaid expenses	36,122	20,144	1,483	-	**57,749**
Food inventory	3,039,620	-	164,142	-	**3,203,762**
Total current assets	8,543,849	18,944,898	1,738,857	(3,555,608)	**25,671,996**
Investments	-	19,533,601	-	-	**19,533,601**
Land, building and equipment, net	1,947,476	9,343,329	1,420,966	-	**12,711,771**
Pledges receivable, net	-	2,331,809	-	-	**2,331,809**
Beneficial interest in assets held by others	-	13,492,309	-		**13,492,309**
Right-of-use asset for operating leases, net	487,446	-	-	(370,016)	**117,430**
Right-of-use asset for finance leases, net	170,746	-	-	-	**170,746**
Total assets	$ 11,149,517	$ 63,645,946	$ 3,159,823	$ (3,925,624)	**$ 74,029,662**
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	$ 2,982,962	$ 644,475	$ 1,466,971	$ (3,555,608)	**$ 1,538,800**
Accrued expenses	467,394	150,148	76,694	-	**694,236**
Refundable advances	573,908	-	-	-	**573,908**
Current operating lease liability	49,647	-	-	(11,039)	**38,608**
Current finance lease liability	71,810	-	-	-	**71,810**
Total current liabilities	4,145,721	794,623	1,543,665	(3,566,647)	**2,917,362**
Long-term lease liabilities:					
Operating lease liability	437,799	-	-	(358,977)	**78,822**
Finance lease liability	90,270	-	-	-	**90,270**
Total long-term lease liabilities	528,069	-	-	(358,977)	**169,092**
Net assets:					
Without donor restrictions	5,766,552	37,553,255	1,616,158	-	**44,935,965**
With donor restrictions	709,175	25,298,068	-	-	**26,007,243**
Total net assets	6,475,727	62,851,323	1,616,158	-	**70,943,208**
Total liabilities and net assets	$ 11,149,517	$ 63,645,946	$ 3,159,823	$ (3,925,624)	**$ 74,029,662**

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2023

	FeedMore Western New York, Inc.	FeedMore WNY Foundation, Inc.	Hearty Helpings, Inc.	Eliminations	Total
Revenue, grants and other support:					
Contributions:					
Government funding	$ 17,201,425	$ -	$ -	$ -	**$ 17,201,425**
Client contributions of cash and other financial assets	1,054,982	-	-	-	**1,054,982**
General contributions	1,062,180	8,774,289	-	-	**9,836,469**
Special events	-	1,139,277	-	-	**1,139,277**
Private grants	1,374,827	4,036	-	-	**1,378,863**
Revenues:					
Contract Medicaid funding	1,078,525	-	-	-	**1,078,525**
Program fees	662,152	29,732	5,619,243	(5,619,243)	**691,884**
Lease income	650	96,107	-	-	**96,757**
Contributions of non financial assets:					
Donated food	10,743,614	-	52,777	-	**10,796,391**
USDA food	5,580,385	-	-	-	**5,580,385**
General	63,074	110,722	5,082	-	**178,878**
Total revenue, grants and other support	38,821,814	10,154,163	5,677,102	(5,619,243)	**49,033,836**
Expenditures:					
Program services	40,911,594	743,167	6,194,601	(5,639,356)	**42,210,006**
Management and general	1,691,945	596,557	229,581		**2,518,083**
Fundraising	-	1,672,551	-		**1,672,551**
Total expenditures	42,603,539	3,012,275	6,424,182	(5,639,356)	**46,400,640**
Income (loss) from operations	(3,781,725)	7,141,888	(747,080)	20,113	**2,633,196**
Other income (loss):					
Interest income	14,518	898,352	-	-	**912,870**
Lease income - related party	-	20,113	-	(20,113)	**-**
Change in beneficial interest in assets held by others	-	1,334,256	-	-	**1,334,256**
Net realized and unrealized gain on investments	-	1,711,672	-	-	**1,711,672**
Total other loss	14,518	3,964,393	-	(20,113)	**3,958,798**
Change in net assets	(3,767,207)	11,106,281	(747,080)	-	**6,591,994**
Net assets - beginning of year	10,242,934	54,108,280	-	-	**64,351,214**
Transfer of net assets*	-	(2,363,238)	2,363,238	-	**-**
Net assets - end of year	$ 6,475,727	$ 62,851,323	$ 1,616,158	$ -	**$ 70,943,208**

*Cash and fixed assets were transferred from FeedMore WNY Foundation, Inc. to Hearty Helpings, Inc.

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Program Title	Pass Through Entity Identifying Number	Federal ALN	Total Federal Expenditures
United States Department of Agriculture			
Pass-through New York Office of General Services:			
Food Distribution Cluster:			
Temporary Emergency Food Assistance Program:			
Erie County	1050	10.569	$ 2,373,335
Niagara County	1050	10.569	317,763
Cattaraugus County	1050	10.569	486,849
Chautauqua County	1050	10.569	398,628
			3,576,575
Administrative Fees	1050	10.568	435,540
Convertible Funding 2023	1050	10.568	419,594
Reach and Resiliency	1050	10.568	296,955
			1,152,089
Temporary Emergency Food Assistance Program Commodity Credit Corp Food Distribution:			
Commodity Credit Corp Funding	1050	10.187	93,890
Erie County	1050	10.187	1,086,379
Niagara County	1050	10.187	135,838
Cattaraugus County	1050	10.187	216,633
Chautauqua County	1050	10.187	254,254
			1,786,994
Total Food Distribution Cluster			6,515,658
Pass-through New York State Department of Health:			
SNAP Cluster:			
Just Say Yes to Fruits and Vegetables (JSY)	204NY424Q3903	10.561	47,172
Just Say Yes to Fruits and Vegetables (JSY)	214NY424Q3903	10.561	69,641
			116,813
United States Department of Health and Human Services			
Pass-through Erie County Department of Senior Services:			
Aging Cluster:			
Title IIIBCARES	163111-C22016	93.044	140,041
Title IIIC2	163111-C22016	93.045	1,157,300
Title IIIC1	163111-C22016	93.045	1,034,204
Title IIIC2 NSIP	163NSIPI516	93.053	668,811
			3,000,356
Pass-through Niagara County Office for the Aging:			
Title IIIC2	FeedMore WNY	93.045	525,944
Total Aging Cluster			3,526,300
Erie County Department of Social Services:			
Social Services Block Grant (Title XX)	15-3080-SW	93.667	70,000
United States Department of Homeland Security			
Pass-through United Way of Buffalo and Erie County:			
Emergency Food and Shelter National Board Program - Phase 39, County of Erie	36-6140-014	97.024	95,928
Emergency Food and Shelter National Board Program - Phase 40, County of Erie	36-6140-014	97.024	180,545
Emergency Food and Shelter National Board Program - Phase ARPAR, County of Erie	36-6140-014	97.024	281,290
United States Department of Homeland Security			
Pass-through United Way of Southern Chautauqua County:			
Emergency Food and Shelter National Board Program - Phase 39, County of Chautauqua	36-6156-014	97.024	7,797
Emergency Food and Shelter National Board Program - Phase 40, County of Chautauqua	36-6156-014	97.024	14,704
Emergency Food and Shelter National Board Program - Phase ARPAR, County of Chautauqua	36-6156-014	97.024	14,353
			594,617
			$ 10,823,388

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITIES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity for all programs of FeedMore Western New York, Inc. and Related Entities under programs of the federal government for the year ended December 31, 2023. The information in the 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 Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization's consolidated financial statements. Such expenditures are recognized following 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 Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

FreedMaxick® CPAs, P.C.

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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
FeedMore Western New York, Inc.
and Related Entities

We have audited, 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, the consolidated financial statements of FeedMore Western New York, Inc. and Related Entities, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statement of activities and changes in net assets, cash flows, and functional expenditures for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated [DATE].

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered FeedMore Western New York, Inc. and Related Entities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of FeedMore Western New York, Inc. and Related Entities' internal control. Accordingly, we do not express an opinion on the effectiveness of FeedMore Western New York, Inc. and Related Entities' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether FeedMore Western New York, Inc. and Related Entities' consolidated 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 statement 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*.

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.

Buffalo, New York
[DATE]

FreedMaxick® CPAs, P.C.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
FeedMore Western New York, Inc.
and Related Entities

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited FeedMore Western New York, Inc. and Related Entities' 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 each of FeedMore Western New York, Inc. and Related Entities' major federal programs for the year ended December 31, 2023. FeedMore Western New York, Inc. and Related Entities' 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, FeedMore Western New York, Inc. and Related Entities 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 December 31, 2023.

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 FeedMore Western New York, Inc. and Related Entities 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 FeedMore Western New York, Inc. and Related Entities' 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 FeedMore Western New York, Inc. and Related Entities' 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 FeedMore

Western New York, Inc. and Related Entities' 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 FeedMore Western New York, Inc. and Related Entities' compliance with the requirements of each major federal program 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 FeedMore Western New York, Inc. and Related Entities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of FeedMore Western New York, Inc. and Related Entities' 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 FeedMore Western New York, Inc. and Related Entities' 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of FeedMore Western New York, Inc. and Related Entities as of and for the year ended December 31, 2023, and have issued our report thereon dated [DATE], which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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.

Buffalo, New York
[DATE]

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of Auditor's Report Issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _______ Yes ____X_ No
- Significant deficiency(ies) identified? _______ Yes ____X_ None Reported

Noncompliance material to consolidated 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? _______ Yes ____X_ None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? _______ Yes ____X No

Identification of major Federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.043/93.044/93.045/93.053	Aging Cluster

Dollar threshold used to distinguish between type A and type B programs $ 750,000

Auditee qualified as low-risk auditee? ____X Yes _____ No

II. CONSOLIDATED FINANCIAL STATEMENT FINDINGS

There were no findings relating to the consolidated financial statement audit as required to be reported in accordance with Government Auditing Standards (GAS) during the year ended December 31, 2023.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs relating to the audit of the major federal programs during the years ended December 31, 2023.

FEEDMORE WESTERN NEW YORK, INC.
AND RELATED ENTITIES

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

II. CONSOLIDATED FINANCIAL STATEMENT FINDINGS

2022-01 – Internal Controls Over Inventory

Criteria
Management is responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement and in compliance with applicable laws and regulations.

Condition
During the year ended December 31, 2022, FeedMore underwent an Enterprise Resource Planning (ERP) implementation with Oracle NetSuite and WAERlinx, a warehouse management system (WMS) for Netsuite. The warehouse management system integration creates a bridge between Oracle Netsuite and WAERlinx. This bridge allows the WMS to pass data between the two systems.

Cause
Subsequent to the implementation, the Organization identified an integration control issue between the two systems which was impacting the interface of transaction data resulting in inaccurate inventory tracking. Due to the limitations, management was required to create manual controls and adjustments on a regular basis to reflect the correct quantity of inventory.

Effect
Inventory was not accurately reflected within the accounting system and a manual adjustment was required to correct the balance.

Recommendation
We recommend formal process mapping is done to adequately document transaction flow and establish formal controls at the interface between the WMS and Oracle Netsuite. Additional monitoring procedures be put in place to perform regular counts of inventory to properly track and adjust quantities on hand, as well as determine the validity of system generated reports.

Views of responsible officials
Subsequent to year end, system upgrades were made in order to allow the systems to communicate and sync with one another automatically. NetSuite and WAERlinx now have a fully functional interface between the two systems. Counts are entered into handheld devices which then sync back to WAERlinx automatically, and transfer adjustments up/down as necessary through the interface to the inventory adjustment account on Netsuite. The adjustment account is reviewed on a monthly basis to ensure the values of the adjustments are minimal or reconcile.

Daily cycle counts were also implemented over the inventory distributed daily in order to adjust inventory quantities to actual on a daily basis and full inventory counts will be performed four times a year.

FeedMore is hiring a Systems Liaison to be responsible for bridging the gaps between finance, operations, and software vendors, as well as for ensuring system generated report accuracy and managing verifications and validity tests.

Current Status
Management has since strengthened their process mapping and internal control environment to ensure the interface between WMS and Oracle Netsuite is properly utilized. Further processes for monitoring were put in place and regular counts were performed to ensure inventory was properly stated and system reports were valid.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs relating to the audit of the major federal programs during the years ended December 31, 2022.