

Financial Statements

**COMMUNITY HARVEST FOOD BANK OF  
NORTHEAST INDIANA, INC.**

*Years ended June 30, 2023 and 2022  
with Independent Auditor's Report*

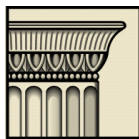
Community Harvest Food Bank of Northeast Indiana, Inc.

Financial Statements

Years ended June 30, 2023 and 2022

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## Independent Auditor's Report

Board of Directors  
Community Harvest Food Bank of Northeast Indiana, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Community Harvest Food Bank of Northeast Indiana, Inc. (CHFB) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of CHFB as of June 30, 2023 and 2022, 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 CHFB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 CHFB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance

with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CHFB'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 CHFB'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 audits.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2023, on our consideration of Community Harvest Food Bank of Northeast Indiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CHFB'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 CHFB's internal control over financial reporting and compliance.

*Haines, Lumbarger & Skiba, LLC*

Fort Wayne, Indiana  
August 21, 2023

Community Harvest Food Bank of Northeast Indiana, Inc.

Statements of Financial Position

	June 30	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 4,242,290	\$ 4,328,473
Receivables:		
Grants receivable	483,818	647,355
Accounts receivable	44,241	48,123
	<u>528,059</u>	<u>695,478</u>
Food inventories:		
Donated inventory	2,482,584	2,145,496
Purchased inventory	299,090	418,388
	<u>2,781,674</u>	<u>2,563,884</u>
Prepaid expenses and other current assets	63,686	71,711
Notes receivable from related party	6,094	10,681
Investments	1,957,045	979,993
Beneficial interest in funds held by community foundations	260,516	250,313
Property and equipment:		
Land	712,247	712,247
Buildings and improvements	7,487,917	7,240,040
Office furniture and equipment	914,469	723,926
Warehouse equipment	602,263	579,797
Transportation equipment	1,317,402	1,428,011
Construction in progress	124,480	138,605
	<u>11,158,778</u>	<u>10,822,626</u>
Accumulated depreciation	5,158,202	4,759,958
	<u>6,000,576</u>	<u>6,062,668</u>
Total assets	<u>\$ 15,839,940</u>	<u>\$ 14,963,201</u>
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 149,701	\$ 105,131
Deferred revenue	4,750	3,000
Refundable advance	-	25,765
Total liabilities	<u>154,451</u>	<u>133,896</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	13,243,221	12,749,559
Designated by the Board for endowment	1,216,570	1,116,180
Total net assets without donor restrictions	<u>14,459,791</u>	<u>13,865,739</u>
Net assets with donor restrictions	1,225,698	963,566
Total net assets	<u>15,685,489</u>	<u>14,829,305</u>
Total liabilities and net assets	<u>\$ 15,839,940</u>	<u>\$ 14,963,201</u>

See accompanying notes.

Community Harvest Food Bank of Northeast Indiana, Inc.

Statements of Activities and Changes in Net Assets

	Year ended June 30					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, revenues and gains (losses)</b>						
Donated food product received	\$ 20,173,500	\$ -	\$ 20,173,500	\$ 21,128,274	\$ -	\$ 21,128,274
Contributions, grants and other revenue:						
Contributions	1,761,179	731,481	2,492,660	1,824,321	602,416	2,426,737
Grants	568,209	816,824	1,385,033	912,713	981,342	1,894,055
Agency shared maintenance	820,594	-	820,594	619,812	-	619,812
In-kind contributions	31,193	-	31,193	3,540	-	3,540
Fundraising activities, net	221,179	-	221,179	135,275	-	135,275
Net investment return	100,371	15,783	116,154	(135,621)	(15,362)	(150,983)
Change in value of beneficial interest in funds held by community foundations	10,203	-	10,203	(14,981)	-	(14,981)
Other income	235,365	-	235,365	124,034	-	124,034
	<b>23,921,793</b>	<b>1,564,088</b>	<b>25,485,881</b>	<b>24,597,367</b>	<b>1,568,396</b>	<b>26,165,763</b>
Net assets released from restrictions	<b>1,301,956</b>	<b>(1,301,956)</b>	<b>-</b>	<b>1,662,610</b>	<b>(1,662,610)</b>	<b>-</b>
Total support, revenues and gains (losses)	<b>25,223,749</b>	<b>262,132</b>	<b>25,485,881</b>	<b>26,259,977</b>	<b>(94,214)</b>	<b>26,165,763</b>
<b>Expenses</b>						
Donated food distributed	19,877,992	-	19,877,992	21,342,841	-	21,342,841
Program services	3,572,913	-	3,572,913	3,520,878	-	3,520,878
	<b>23,450,905</b>	<b>-</b>	<b>23,450,905</b>	<b>24,863,719</b>	<b>-</b>	<b>24,863,719</b>
Supporting services:						
Management and general	674,125	-	674,125	660,434	-	660,434
Fundraising	504,667	-	504,667	403,708	-	403,708
Total expenses	<b>24,629,697</b>	<b>-</b>	<b>24,629,697</b>	<b>25,927,861</b>	<b>-</b>	<b>25,927,861</b>
<b>Increase (decrease) in net assets</b>	<b>594,052</b>	<b>262,132</b>	<b>856,184</b>	<b>332,116</b>	<b>(94,214)</b>	<b>237,902</b>
Net assets at beginning of year	<b>13,865,739</b>	<b>963,566</b>	<b>14,829,305</b>	<b>13,533,623</b>	<b>1,057,780</b>	<b>14,591,403</b>
Net assets at end of year	<b>\$ 14,459,791</b>	<b>\$ 1,225,698</b>	<b>\$ 15,685,489</b>	<b>\$ 13,865,739</b>	<b>\$ 963,566</b>	<b>\$ 14,829,305</b>

See accompanying notes.

Community Harvest Food Bank of Northeast Indiana, Inc.

Statements of Functional Expenses

Year ended June 30, 2023

	Program Services							Supporting Services				Total
	Community Cupboard	Senior Pak	Kids Café	Backpack Programs	Farm Wagon	Member Agencies	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	
<b>Salaries, wages and related expenses</b>												
Salaries and wages	\$ 248,911	\$ 127,309	\$ 110,889	\$ -	\$ 151,000	\$ 407,751	\$ 201,437	\$ 1,247,297	\$ 266,145	\$ 276,334	\$ 542,479	\$ 1,789,776
Benefits and taxes	54,587	26,419	18,858	-	26,901	89,889	23,777	240,431	93,686	42,175	135,861	376,292
Total salaries, wages and related expenses	303,498	153,728	129,747	-	177,901	497,640	225,214	1,487,728	359,831	318,509	678,340	2,166,068
<b>Other expenses</b>												
Conferences	131	33	65	-	55	229	33	546	1,449	-	1,449	1,995
Depreciation	85,488	21,372	42,744	-	33,955	149,603	24,818	357,980	94,868	49,933	144,801	502,781
Fees and licenses	2,762	965	1,107	9	1,128	6,992	994	13,957	27,199	4,318	31,517	45,474
Insurance	5,637	1,409	2,819	-	2,349	9,865	1,409	23,488	92,477	-	92,477	115,965
Legal and professional fees	23,289	9,511	7,970	-	9,271	40,718	18,781	109,540	30,159	14,799	44,958	154,498
Maintenance and repairs	10,100	3,212	5,050	1,203	4,208	16,989	50,066	90,828	673	-	673	91,501
Marketing and public relations	-	-	-	-	-	-	5,118	5,118	3,032	32,473	35,505	40,623
Miscellaneous	6,612	1,653	4,419	243	2,755	17,541	39,389	72,612	2,610	5,912	8,522	81,134
Office supplies, postage and printing	16,678	9,838	4,703	4,335	10,466	28,026	37,042	111,088	15,388	17,289	32,677	143,765
Outside services	15,775	7,763	4,345	730	6,337	27,883	22,407	85,240	17,201	9,053	26,254	111,494
Product purchases	-	-	-	71,292	-	754,114	102,566	927,972	-	-	-	927,972
Telephone and utilities	20,165	9,471	5,653	1,733	8,033	35,656	71,713	152,424	24,620	13,711	38,331	190,755
Travel and meetings	788	194	422	29	1,011	3,479	2,570	8,493	4,618	38,670	43,288	51,781
Vehicle expense	30,216	7,834	15,334	-	12,591	52,365	7,559	125,899	-	-	-	125,899
Total expenses before donated food distributed	521,139	226,983	224,378	79,574	270,060	1,641,100	609,679	3,572,913	674,125	504,667	1,178,792	4,751,705
Donated food distributed	378,170	303,679	(2,086)	93	-	15,787,082	3,411,054	19,877,992	-	-	-	19,877,992
Total expenses	\$ 899,309	\$ 530,662	\$ 222,292	\$ 79,667	\$ 270,060	\$ 17,428,182	\$ 4,020,733	\$ 23,450,905	\$ 674,125	\$ 504,667	\$ 1,178,792	\$ 24,629,697

See accompanying notes.

Community Harvest Food Bank of Northeast Indiana, Inc.

Statements of Functional Expenses

Year ended June 30, 2022

	Program Services							Supporting Services				Total
	Community Cupboard	Senior Pak	Kids Café	Backpack Programs	Farm Wagon	Member Agencies	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	
<b>Salaries, wages and related expenses</b>												
Salaries and wages	\$ 210,552	\$ 113,705	\$ 88,365	\$ -	\$ 123,279	\$ 432,356	\$ 174,399	\$ 1,142,656	\$ 236,687	\$ 230,571	\$ 467,258	\$ 1,609,914
Casual labor	-	-	-	-	-	-	-	-	2,300	-	2,300	2,300
Benefits and taxes	48,815	24,148	15,666	-	22,435	89,443	17,682	218,189	92,597	35,996	128,593	346,782
Total salaries, wages and related expenses	259,367	137,853	104,031	-	145,714	521,799	192,081	1,360,845	331,584	266,567	598,151	1,958,996
<b>Other expenses</b>												
Conferences	-	-	-	-	-	-	-	-	152	32	184	184
Depreciation	84,084	21,021	42,042	-	33,398	147,147	21,021	348,713	93,317	49,114	142,431	491,144
Fees and licenses	3,543	1,272	1,385	43	1,444	6,199	2,832	16,718	27,084	3,247	30,331	47,049
Insurance	5,614	1,404	2,807	-	2,339	9,825	1,404	23,393	104,804	-	104,804	128,197
Legal and professional fees	29,842	10,775	11,607	1	11,880	52,224	13,767	130,096	36,276	17,595	53,871	183,967
Maintenance and repairs	14,156	4,105	5,805	872	4,848	19,203	45,635	94,624	1,683	-	1,683	96,307
Marketing and public relations	-	-	-	-	-	-	-	-	1,687	21,263	22,950	22,950
Miscellaneous	6,264	1,553	5,541	210	2,647	10,206	45,831	72,252	5,576	5,225	10,801	83,053
Office supplies, postage and printing	12,099	5,969	3,860	5,161	8,420	22,154	9,964	67,627	17,011	15,441	32,452	100,079
Outside services	18,685	10,326	5,096	617	7,435	32,703	30,474	105,336	20,174	10,618	30,792	136,128
Product purchases	-	-	-	105,207	-	830,019	78,068	1,013,294	-	-	-	1,013,294
Telephone and utilities	16,196	7,544	4,603	1,784	6,457	28,857	69,036	134,477	19,151	11,065	30,216	164,693
Travel and meetings	1,014	340	507	23	960	2,519	1,884	7,247	1,935	3,541	5,476	12,723
Vehicle expense	35,027	9,483	17,633	-	14,618	60,720	8,775	146,256	-	-	-	146,256
Total expenses before donated food distributed	485,891	211,645	204,917	113,918	240,160	1,743,575	520,772	3,520,878	660,434	403,708	1,064,142	4,585,020
Donated food distributed	245,923	295,658	(2,930)	(1,160)	-	16,316,595	4,488,755	21,342,841	-	-	-	21,342,841
Total expenses	\$ 731,814	\$ 507,303	\$ 201,987	\$ 112,758	\$ 240,160	\$ 18,060,170	\$ 5,009,527	\$ 24,863,719	\$ 660,434	\$ 403,708	\$ 1,064,142	\$ 25,927,861

See accompanying notes.



Community Harvest Food Bank of Northeast Indiana, Inc.

Statements of Cash Flows

	<b>Year ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Increase in net assets	\$ 856,184	\$ 237,902
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	502,781	491,144
Net realized and unrealized (gain) loss on investments	(101,825)	165,115
Loss (gain) on beneficial interest in funds held by community foundations	(10,203)	14,981
Loss (gain) on disposal of property and equipment	9,521	(3,121)
Change in donated food inventory	(337,088)	159,767
Changes in operating assets and liabilities:		
Receivables	167,419	(205,104)
Purchased inventory	119,298	(179,303)
Prepaid expenses and other current assets	8,025	(3,746)
Notes receivable from related party	4,587	4,471
Accounts payable and accrued expenses	44,570	17,311
Deferred revenue	1,750	-
Refundable advance	(25,765)	25,765
Contributions received for endowment	(53,109)	(103,005)
Net cash provided by operating activities	<u>1,186,145</u>	<u>622,177</u>
<b>Investing activities</b>		
Purchase of investments	(1,115,608)	(103,005)
Proceeds from sale and maturities of investments	240,381	20,244
Proceeds from sale of property and equipment	-	3,342
Purchase of property and equipment	(450,210)	(425,281)
Contributions received for endowment	53,109	103,005
Net cash used in investing activities	<u>(1,272,328)</u>	<u>(401,695)</u>
Increase (decrease) in cash and cash equivalents	(86,183)	220,482
Cash and cash equivalents at beginning of year	4,328,473	4,107,991
Cash and cash equivalents at end of year	<u>\$ 4,242,290</u>	<u>\$ 4,328,473</u>

See accompanying notes.

# Community Harvest Food Bank of Northeast Indiana, Inc.

## Notes to Financial Statements

June 30, 2023

### 1. Organization

Community Harvest Food Bank of Northeast Indiana, Inc. (CHFB) was established in 1983 as a response to the closure of the International Harvester plant that sent tens of thousands of individuals into unemployment. Today, CHFB serves as the regional food bank for northeast Indiana, serving the counties of Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wells and Whitley. CHFB receives food from regional businesses and farms and the national food bank network. CHFB's support comes primarily from grants, contributions and fees from member agencies for shared maintenance costs.

The Mission and Vision of CHFB is as follows:

*The mission of Community Harvest Food Bank is to alleviate hunger through the full use of donated food and other resources. Community Harvest Food Bank seeks to be a dynamic, responsive, and charitable leader in the effort to alleviate hunger and its causes in our service area.*

CHFB has grown to become a nationally recognized regional food bank within Feeding America, a national network of food banks. CHFB distributes nearly 12 million pounds of food annually to people throughout the nine-county northeast Indiana region. CHFB supplies nearly 350 member soup kitchens, homeless shelters, food pantries and youth programs with the majority of their food supply for distribution to the needy. In addition, CHFB offers several in-house programs:

- Community Cupboard is a uniquely designed pantry where families struggling with hunger select groceries at no cost to them. Staff and volunteers are dedicated to treating all clients with dignity and respect, while responding to questions or requests for assistance. Families make selections from a wide assortment of available produce, protein, dairy and shelf stable food items.
  - The Hope for Heroes program began in 2016 to provide food assistance at no cost to Veterans and military families experiencing hardship through transition. Families are eligible to receive 100 pounds of food each month in the Community Cupboard pantry, enough to fill a large grocery cart.
- SeniorPak provides groceries twice per month at no cost to low-income older adults in northeast Indiana. Seniors who are medically homebound receive groceries delivered to their homes by volunteers, while seniors who are mobile visit the CHFB facility to receive food every other Wednesday. Many senior citizens are forced to make tough choices, such as whether to buy groceries or other necessities like prescription medication. SeniorPak provides balanced foods to promote better overall health and quality of life among vulnerable older adults.

# Community Harvest Food Bank of Northeast Indiana, Inc.

## Notes to Financial Statements (continued)

### 1. Organization (continued)

- Kids Backpack/TeenPak programs provide a ten-pound bag of shelf stable food to children and teens up to age 18 every weekend year-round. Teachers and guidance staff refer disadvantaged and at-risk youth to the program. While kids and teens have school lunches and other meal programs available during the week, these can often be the only meals they can count on. Backpack/TeenPak provides a healthy food resource for these children to count on during the weekend when other programs are unavailable. Each bag contains protein, fruits, vegetables, snacks, juice and soups to provide balanced nutrition to each recipient, plus a hungry sibling.
- Farm Wagon provides fresh fruits and vegetables, dairy products and sandwich bread to clients throughout all nine counties in our service region. Refrigerated trucks visit 46 locations per month to distribute fresh foods to individuals and families in identified food deserts, both rural and urban. The Farm Wagon mobile pantry is a key program focusing our efforts to provide fresh, nutrient dense foods to clients who do not have affordable access to such items.
- Kids Café and Summer Feeding programs provide after school and summer meals to children without reliable access to meals. Through the USDA and State of Indiana, CHFb provides food to designated feeding sites, such as parks and recreation and youth activity centers. Volunteers prepare meals for children in attendance, and site staff provide enrichment activities, such as educational or outdoor activities. These programs blend nicely with Kids Backpack/TeenPak as, combined, they ensure that children are fed every day of the week.
- CHFb partners with nearly 350 member nonprofit agencies across northeast Indiana, including homeless shelters, food pantries, soup kitchens and youth organizations. These nonprofit agencies receive a large portion of their food from the CHFb facility, which is then distributed to their clients locally. Our strong community partnerships with these organizations allow us to increase food distribution to additional rural and urban areas, especially those that fall outside the city of Fort Wayne.
- Saturday Helping Hands provides groceries to families each week from 8-10 a.m., including foods such as produce, dairy, bread and bakery and other available items. Volunteers and staff serve all who attend, often hundreds of families per week (average of 800).
- CHFb participates in the following USDA and State of Indiana programs: The Emergency Food Assistance Program (TEFAP), Commodity Supplemental Food Program (CSFP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP) and Coronavirus Food Assistance Program (CFAP).

# Community Harvest Food Bank of Northeast Indiana, Inc.

## Notes to Financial Statements (continued)

### **1. Organization (continued)**

In August 2015, CHFEB became the first regional food bank in America to open a blanch, chill and freeze produce preservation facility. The Harry and Jeanette Weinberg Produce Preservation Center allows CHFEB to preserve the bountiful harvest to distribute to hungry families year round. While the heart of the CHFEB's mission is to alleviate hunger, CHFEB also strives to provide nourishment and increase overall health and quality of life.

CHFEB is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and qualifies for the charitable contribution deduction. CHFEB has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. CHFEB is also exempt from state income taxes.

However, CHFEB is subject to federal income tax on any unrelated business taxable income. CHFEB provides liabilities for uncertain income tax positions when a liability is probable and estimable. Management believes that it has appropriate support for any tax positions taken or expected to be taken and as such, does not have any uncertain tax positions that should be recognized, measured or disclosed in the financial statements. Management believes CHFEB is no longer subject to examination by taxing authorities for years before June 30, 2020.

### **2. Summary of Significant Accounting Policies**

#### **Cash and Cash Equivalents**

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents, except those short-term investments managed as part of long-term investment strategies. CHFEB maintains cash accounts at local banks. Cash and cash equivalents do not include cash restricted by donors for long-term purposes. From time to time during the year, CHFEB's cash accounts exceeded federally insured limits.

#### **Accounts Receivable**

Accounts receivable are stated at their net realizable value. Management provides for uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off. As of June 30, 2023 and 2022, no allowance for uncollectible accounts was deemed necessary.

# Community Harvest Food Bank of Northeast Indiana, Inc.

## Notes to Financial Statements (continued)

### 2. Summary of Significant Accounting Policies (continued)

#### Inventory

Inventory of purchased food is stated at lower of cost, determined by first-in, first-out (FIFO) method or net realizable value. Donated food inventory is valued at estimated fair value according to a per pound amount, by food category, determined by utilizing the Agreed Upon Procedures report prepared by RSM US LLP for Feeding America, a national food bank network of which CHFB is a member, using the FIFO method of valuation. The average wholesale value of food products used to value donated food inventory was \$1.92 and \$1.79 per pound for the years ending June 30, 2023 and 2022, respectively.

Management provides a provision for estimated spoilage of inventory. The provision for spoilage was \$31,736 and \$26,229 as of June 30, 2023 and 2022, respectively.

#### Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, CHFB's investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investments expenses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See *Note 4* for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Net realized and unrealized investment gains or losses are determined by comparison of asset cost, using the specific identification method, or net proceeds received at the time of sale and changes in the difference between market values and cost, respectively.

CHFB's investment portfolio consists of a diverse mix of investments, without concentration of risk by type, industry or geographic area, which are managed by professional investment managers in compliance with the investment policy established by the Board of Directors. Investments are exposed to various risks, such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments may occur in the near term and that such changes could materially affect account balances.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for property and equipment that has been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets at June 30, 2023 and 2022. Building and improvements and equipment with a cost or value of \$1,000 or more and a useful life of one year or more are capitalized.

Depreciation is computed by the straight-line method over the following estimated useful lives:

Building and improvements	7-40 years
Office furniture and equipment	5-15 years
Warehouse equipment	5-15 years
Transportation equipment	5-7 years

Expenditures for normal repairs and maintenance are charged to expenses as incurred.

**Net Assets**

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

*Net Assets Without Donor Restrictions*—Net assets available for use in general operations and not subject to donor- (or certain grantor-) restrictions.

*Net Assets With Donor Restrictions*—Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue with donor restrictions when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted.

# Community Harvest Food Bank of Northeast Indiana, Inc.

## Notes to Financial Statements (continued)

### 2. Summary of Significant Accounting Policies (continued)

#### Contributions and Pledges and Grants Receivable

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash are recorded at their fair market value. Contributions of services referred to herein as in-kind contributions are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation. During the years ended June 30, 2023 and 2022, the fair market value of contributed services recognized as revenue and expense in the accompanying statements of activities was \$31,193 and \$3,540, respectively.

Donated food is utilized in CHF B's food distribution programs and is recorded as support at its estimated fair market value using the same methodology as the value of donated food inventory. Commodities received through the USDA are valued using the food only rate from the Feeding America Product Valuation Survey which averaged \$1.53 and \$1.70 per pound for the years ended June 30, 2023 and 2022, respectively.

Pledges and grants receivable consist of unconditional promises to give that are expected to be collected in future years and grants classified as conditional promises to the extent that conditions have been met but reimbursement from the grantor has not yet been received. Pledges and grants receivable are reported as support with donor-imposed restrictions unless explicit donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities of the current period. Pledges and grants receivable are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the statements of activities.

CHF B provides an allowance for doubtful accounts, which is based on the creditworthiness of the donors, historical collection experience and other relevant factors and management's estimate of the losses that will be incurred in the collection of grants and pledges receivable. No allowance for uncollectible grants and pledges was deemed necessary at June 30, 2023 and 2022.

# Community Harvest Food Bank of Northeast Indiana, Inc.

## Notes to Financial Statements (continued)

### **2. Summary of Significant Accounting Policies (continued)**

#### **Government Program Revenue**

A portion of CHF B's revenue is derived from cost-reimbursable federal and state contracts and grants which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CHF B performs the contracted services or incurs expenditures pursuant to grant agreements. Government contracts and certain other grants are subject to audit and acceptance by the government or granting agency, and as a result of such audit and review, adjustments to revenue and support could be required.

#### **Use of Estimates**

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### **Functional Expenses**

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance and other expenses, which are allocated on the basis of estimates of time and effort.



Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**3. Liquidity and Availability**

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

	<b>Year ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 4,542,290	\$ 4,328,473
Grants receivable	483,818	647,355
Other receivables	44,241	48,123
Notes receivable from related party	6,094	10,681
Investments	1,657,045	979,993
Beneficial interest in funds held by community foundations	260,516	250,313
Total financial assets at year-end	<b>6,994,004</b>	6,264,938
Less board-designated endowment	<b>(1,216,570)</b>	(1,116,180)
Less contractual or donor-imposed restrictions on grants receivable making financial assets unavailable to general expenditure	<b>(1,150,699)</b>	(963,566)
Less long-term portion of grant and notes receivable	<b>(166,767)</b>	(245,270)
Financial assets available within one year to meet cash needs for general expenditures within one year	<b><u>\$ 4,459,968</u></b>	<b><u>\$ 3,939,922</u></b>

CHFB manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that obligations will be discharged. As part of the CHFB's liquidity management plan, it has the policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due. CHFB invests cash in excess of daily requirements in short-term investments, including savings accounts. Occasionally, the CHFB Board of Directors designates a portion of any operating surplus as an emergency fund. These board-designated amounts could be made available, if necessary.

## Community Harvest Food Bank of Northeast Indiana, Inc.

### Notes to Financial Statements (continued)

#### 3. Liquidity and Availability (continued)

CHFb's board-designated endowment is subject to an annual spending rate as described in *Note 7*. Although CHFb does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation), these amounts could be made available if necessary.

CHFb receives contributions each year from donors, which are available to help meet its cash needs for general expenditures.

#### 4. Fair Value Measurements

FASB ASC Topic 820 (ASC 820), *Fair Value Measurements and Disclosures*, established 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 ASC 820 are described below:

- Level 1    Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CHFb has the ability to access.
- Level 2    Inputs to the valuation methodology include:
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - 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;

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.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**4. Fair Value Measurements (continued)**

The asset's 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 the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

*Money market fund:* Valued at quoted market prices in an exchange and active market, which represent the net asset values (NAV) of shares held by CHFEB at year-end.

*Certificates of deposit:* Valued at cost which approximates fair value.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by CHFEB are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish the daily NAV and to transact at the price. The mutual funds held by CHFEB are deemed to be actively traded.

*Exchange traded funds:* Valued at the closing price reported on the stock exchange on which the individual securities are traded. Exchange traded funds are open-end funds that can be bought and sold throughout the day on a stock exchange. The exchange traded funds held by CHFEB are deemed to be actively traded.

*Beneficial interest in funds held by community foundations:* Valued based upon CHFEB's proportionate share of the community foundations' pooled investment portfolios, as reported by the community foundations at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CHFEB believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**4. Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the CHFB's investments at fair value as of June 30, 2023 and 2022:

	<b>Investments at Fair Value as of June 30, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Money market fund</b>	\$ 52,597	\$ -	\$ -	\$ 52,597
<b>Certificates of deposit</b>	-	800,000	-	800,000
<b>Mutual funds</b>				
Equity funds	111,803	-	-	111,803
Fixed income funds	211,386	-	-	211,386
International funds	94,175	-	-	94,175
	<u>417,364</u>	-	-	<u>417,364</u>
<b>Exchange traded funds</b>				
Equity funds	687,084	-	-	687,084
Total investments at fair value	<u>1,157,045</u>	<u>800,000</u>	-	<u>1,957,045</u>
<b>Beneficial interest in funds held by community foundations</b>				
	-	260,516	-	260,516
Total assets at fair value	<u>\$ 1,157,045</u>	<u>\$1,060,516</u>	<u>\$ -</u>	<u>\$ 2,217,561</u>

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**4. Fair Value Measurements (continued)**

	Investments at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
<b>Money market fund</b>	\$ 52,722	\$ -	\$ -	\$ 52,722
<b>Mutual funds</b>				
Equity funds	159,836	-	-	159,836
Fixed income funds	141,439	-	-	141,439
International funds	68,037	-	-	68,037
	369,312	-	-	369,312
<b>Exchange traded funds</b>				
Equity funds	542,982	-	-	542,982
Fixed income funds	14,977	-	-	14,977
	557,959	-	-	557,959
Total investments at fair value	979,993	-	-	979,993
<b>Beneficial interest in funds held by community foundations</b>				
	-	250,313	-	250,313
Total assets at fair value	\$ 979,993	\$ 250,313	\$ -	\$ 1,230,306

**5. Beneficial Interest in Funds Held by Community Foundations**

The beneficial interest in the funds held and invested by the Community Foundation of Greater Fort Wayne Inc. and Steuben County Community Foundation are the result of agreements whereby CHFb has transferred assets to the community foundations to establish an endowment fund and benefits from those assets. At the time of the transfer, CHFb granted limited variance power to the community foundations. That power gives the community foundations the right to vary the purpose of the fund if continued adherence to any condition or restriction is in the judgment of the community foundations' Boards of Directors unnecessary, incapable of fulfillment or inconsistent with the charitable or other exempt purposes of the community foundations or needs of the community served by the community foundations. CHFb is allocated its funds' proportionate share of the community foundations' funds' investment return on an annual basis. CHFb may draw up to a certain percent of the value of the funds each year,

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**5. Beneficial Interest in Funds Held by Community Foundations (continued)**

subject to certain conditions and limitations, but may only obtain a return of the full value of the funds upon consent of the community foundations. Annual distributions from the community foundations to CHFEB are expended on programs or services that fulfill its mission and/or satisfy donor restrictions. The estimated value of the CHFEB's beneficial interests in the community foundations which represents the fair market value is as follows:

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Community Foundation of Greater Fort Wayne Inc.	\$ 254,668	\$ 234,386
Steuben County Community Foundation, Inc.	5,848	15,927
	<b>\$ 260,516</b>	<b>\$ 250,313</b>

Additionally, donors have also contributed funds to the Community Foundation of Greater Fort Wayne Inc., Steuben County Community Foundation and Huntington County Community Foundation for the benefit of CHFEB. At June 30, 2023 and 2022, the fair market value of these funds was \$401,908 and \$340,358, respectively. CHFEB is precluded from recognizing these assets in CHFEB's statements of financial position because of the explicitly granted variance power held by the community foundations. Accordingly, CHFEB only recognizes its annual grants from these funds as contributions in the statements of activities and changes in net assets.

**6. Grant Receivable**

Unconditional promises to give to CHFEB are recorded as grants receivable at the present value of future cash flows. The present value discount rate used was 3.01 percent at June 30, 2023. CHFEB's grants receivable are as follows:

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Amounts due in:		
Less than one year	\$ 321,243	\$ 407,729
One to five years	162,575	239,626
	<b>\$ 483,818</b>	<b>\$ 647,355</b>

# Community Harvest Food Bank of Northeast Indiana, Inc.

## Notes to Financial Statements (continued)

### 7. Endowment Funds

ASC 958, *Not-for-Profit Entities*, required certain net asset classification changes for institutional endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Effective July 1, 2007, the Indiana General Assembly adopted UPMIFA. CHFEB may hold donor restricted endowment funds where the gift instrument clearly stipulates that CHFEB is not to spend the principal or some other portion of the gift, in which case such gift instrument will supersede CHFEB's ability to spend the whole fund.

CHFEB's endowment consists of certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors of CHFEB has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulation to the contrary. At June 30, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, CHFEB retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are

- The duration and preservation of the fund.
- The purposes of CHFEB and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation (depreciation) of investments.
- Other resources of CHFEB.
- The investment policies of CHFEB.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**7. Endowment Funds**

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 1,216,570	\$ -	\$ 1,216,570
Donor-restricted endowment funds	-	200,992	200,992
Total endowment funds	<u>\$ 1,216,570</u>	<u>\$ 200,992</u>	<u>\$ 1,417,562</u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets at beginning of year	\$ 1,116,180	\$ 132,100	\$ 1,248,280
Contributions	10,078	53,109	63,187
Net investment return	99,748	15,783	115,531
Loss on beneficial interest in funds held by community foundations	10,203	-	10,203
Amounts appropriated for expenditure	(19,639)	-	(19,639)
	<u>100,390</u>	<u>68,892</u>	<u>169,282</u>
Endowment net assets at end of year	<u>\$ 1,216,570</u>	<u>\$ 200,992</u>	<u>\$ 1,417,562</u>



Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**7. Endowment Funds**

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 1,116,180	\$ -	\$ 1,116,180
Donor-restricted endowment funds	-	132,100	132,100
Total endowment funds	<u>\$ 1,116,180</u>	<u>\$ 132,100</u>	<u>\$ 1,248,280</u>

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets at beginning of year	\$ 1,262,660	\$ 64,981	\$ 1,327,641
Contributions	20,524	82,481	103,005
Net investment return	(135,621)	(15,362)	(150,983)
Loss on beneficial interest in funds held by community foundations	(14,981)	-	(14,981)
Amounts appropriated for expenditure	(16,402)	-	(16,402)
	<u>(146,480)</u>	<u>67,119</u>	<u>(79,361)</u>
Endowment net assets at end of year	<u>\$ 1,116,180</u>	<u>\$ 132,100</u>	<u>\$ 1,248,280</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). CHFB has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Deficiencies of this nature existed in one donor-restricted endowment fund, which has an original gift value of \$146,756, a current fair value of \$132,100, and a deficiency of \$14,656 as of June 30, 2022. This deficiency resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions to the donor-restricted endowment fund. There were no deficiencies in donor-restricted endowment funds at June 30, 2023.

CHFB has a policy that permits spending from underwater endowments depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. There were no amounts appropriated for expenditure from the underwater endowment fund during the year ended June 30, 2022.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**7. Endowment Funds (continued)**

*Investment and Spending Policies*

CHFb has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Pursuant to this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of certain investment benchmark indices while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, CHFb relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CHFb targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

CHFb uses an endowment spending-rate formula (distribution or payout policy) to determine the maximum amount to spend from its endowment each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the endowment investments for the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. The spending rate maximum (annual distribution percentage available for distribution) was 5 percent for the years ended June 30, 2023 and 2022. In establishing this policy, CHFb considered the long-term expected return on its endowment and set the rate with the objective of maintain the purchasing power of its endowment over time.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**8. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods.

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Subject to expenditure for specific purpose:		
Hope for Heroes	\$ -	\$ 39,744
Holiday food	<b>10,000</b>	-
Kids Café – Back Pack	<b>92,164</b>	93,091
Asset or supply purchases	-	10,000
Unappropriated endowment earnings	<b>1,127</b>	-
Other	<b>8,700</b>	26,293
Purchased food	<b>232,916</b>	202,338
	<b>344,907</b>	371,466
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<b>680,926</b>	460,000
	<b>1,025,833</b>	831,466
Net assets restricted in perpetuity	<b>199,865</b>	132,100
	<b>\$1,225,698</b>	\$ 963,566

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor or by occurrence of the passage of time were \$1,301,956 during the year ended June 30, 2023 and \$1,662,610 during the year ended June 30, 2022.

**9. Employee Retirement Plan**

CHFB sponsors a defined contribution plan pursuant to section 403(b) of the Internal Revenue Code. The plan covers substantially all employees of CHFB after 90 days of service and regularly working at least thirty hours per week. CHFB contributes a matching contribution of 100 percent of employee contributions, up to 3 percent of eligible employee compensation. CHFB's matching contributions to the plan were \$15,176 and \$18,684 for the years ended June 30, 2023 and 2022, respectively.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

**10. Related Party Transactions**

Certain members of the Board of Directors are owned or employed by companies providing banking, insurance, information technology services and other services to CHFBI. The fees paid to these companies were based on customary and reasonable rates for such services.

CHFBI has entered into a Production Agreement with Shared Harvest of Northeast Indiana, LLC (Shared Harvest), an entity owned by CHFBI's executive president and her husband. The Production Agreement commits CHFBI to purchasing an established quantity of green beans and sweet corn from Shared Harvest at an agreed-upon price, with a maximum cumulative purchase of \$50,000 per season. The arrangement is a collaborative effort between CHFBI and Shared Harvest to ensure a reliable local source of green beans and sweet corn at a cost lower than market price.

**11. Subsequent Events**

Management has evaluated subsequent events through August 21, 2023, the date on which the financial statements were available to be issued.