

Financial Statements

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

*Years ended June 30, 2024 and 2023
with Independent Auditor's Report*

Community Harvest Food Bank of Northeast Indiana, Inc.

Financial Statements

Years ended June 30, 2024 and 2023

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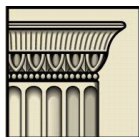
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Independent Auditor's Report

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 statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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 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 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 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 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 23, 2024, 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.

Laines, Asenbarger & Skiba, LLC

Fort Wayne, Indiana
August 23, 2024

Community Harvest Food Bank of Northeast Indiana, Inc.

Statements of Financial Position

	June 30	
	2024	2023
Assets		
Cash and cash equivalents	\$ 3,169,296	\$ 4,242,290
Receivables:		
Grants receivable	563,000	483,818
Accounts receivable	32,986	44,241
	<u>595,986</u>	<u>528,059</u>
Food inventories:		
Donated inventory	2,957,499	2,482,584
Purchased inventory	241,847	299,090
	<u>3,199,346</u>	<u>2,781,674</u>
Prepaid expenses and other current assets	54,163	63,686
Notes receivable from related party	-	6,094
Investments	3,591,610	1,957,045
Beneficial interest in funds held by community foundations	278,737	260,516
Right of use asset, finance	262,006	-
Property and equipment:		
Land	712,247	712,247
Buildings and improvements	7,642,243	7,487,917
Office furniture and equipment	1,001,010	914,469
Warehouse equipment	612,401	602,263
Transportation equipment	1,317,852	1,317,402
Construction in progress	106,462	124,480
	<u>11,392,215</u>	<u>11,158,778</u>
Accumulated depreciation	5,666,654	5,158,202
	<u>5,725,561</u>	<u>6,000,576</u>
Total assets	<u><u>\$16,876,705</u></u>	<u><u>\$15,839,940</u></u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 145,077	\$ 149,701
Deferred revenue	-	4,750
Lease liability, finance	236,379	-
Total liabilities	<u>381,456</u>	<u>154,451</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	13,738,326	13,243,221
Designated by the Board for endowment	1,339,443	1,216,570
Total net assets without donor restrictions	<u>15,077,769</u>	<u>14,459,791</u>
Net assets with donor restrictions	1,417,480	1,225,698
Total net assets	<u>16,495,249</u>	<u>15,685,489</u>
Total liabilities and net assets	<u><u>\$16,876,705</u></u>	<u><u>\$15,839,940</u></u>

See accompanying notes.

Community Harvest Food Bank of Northeast Indiana, Inc.

Statements of Activities and Changes in Net Assets

	Year ended June 30					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains						
Donated food product received	\$ 19,594,321	\$ -	\$ 19,594,321	\$ 20,173,500	\$ -	\$ 20,173,500
Contributions, grants and other revenue:						
Contributions	2,043,147	416,440	2,459,587	1,761,179	731,481	2,492,660
Grants	386,847	907,009	1,293,856	568,209	816,824	1,385,033
Agency shared maintenance	765,464	-	765,464	820,594	-	820,594
In-kind contributions	11,467	-	11,467	31,193	-	31,193
Fundraising activities, net	226,486	-	226,486	221,179	-	221,179
Net investment return	146,659	27,702	174,361	100,371	15,783	116,154
Change in value of beneficial interest in funds held by community foundations	27,920	-	27,920	10,203	-	10,203
Other income	243,394	-	243,394	235,365	-	235,365
	23,445,705	1,351,151	24,796,856	23,921,793	1,564,088	25,485,881
Net assets released from restrictions	1,159,369	(1,159,369)	-	1,301,956	(1,301,956)	-
Total support, revenues and gains	24,605,074	191,782	24,796,856	25,223,749	262,132	25,485,881
Expenses						
Donated food distributed	19,205,155	-	19,205,155	19,877,992	-	19,877,992
Program services	3,585,911	-	3,585,911	3,572,913	-	3,572,913
	22,791,066	-	22,791,066	23,450,905	-	23,450,905
Supporting services:						
Management and general	733,547	-	733,547	674,125	-	674,125
Fundraising	462,483	-	462,483	504,667	-	504,667
Total expenses	23,987,096	-	23,987,096	24,629,697	-	24,629,697
Increase in net assets	617,978	191,782	809,760	594,052	262,132	856,184
Net assets at beginning of year	14,459,791	1,225,698	15,685,489	13,865,739	963,566	14,829,305
Net assets at end of year	\$ 15,077,769	\$ 1,417,480	\$ 16,495,249	\$ 14,459,791	\$ 1,225,698	\$ 15,685,489

See accompanying notes.

Community Harvest Food Bank of Northeast Indiana, Inc.

Statements of Functional Expenses

Year ended June 30, 2024

	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	
Salaries, wages and related expenses												
Salaries and wages	\$ 314,091	\$ 132,028	\$ 130,015	\$ -	\$ 208,963	\$ 364,470	\$ 186,482	\$ 1,336,049	\$ 309,584	\$ 239,456	\$ 549,040	\$ 1,885,089
Benefits and taxes	65,601	31,699	21,785	1	32,595	101,082	19,953	272,716	106,279	39,884	146,163	418,879
Total salaries, wages and related expenses	379,692	163,727	151,800	1	241,558	465,552	206,435	1,608,765	415,863	279,340	695,203	2,303,968
Other expenses												
Conferences	166	42	83	-	69	291	42	693	1,110	912	2,022	2,715
Depreciation	84,155	21,039	42,077	-	33,426	147,270	41,718	369,685	93,403	49,155	142,558	512,243
Fees and licenses	2,391	783	1,010	-	981	4,184	505	9,854	27,323	4,703	32,026	41,880
Insurance	5,686	1,422	2,843	-	2,369	9,951	1,422	23,693	89,015	-	89,015	112,708
Legal and professional fees	22,565	9,457	7,909	-	8,990	39,693	13,975	102,589	33,777	13,926	47,703	150,292
Maintenance and repairs	5,738	1,434	2,869	579	2,391	10,041	29,789	52,841	1,137	-	1,137	53,978
Marketing and public relations	-	-	-	-	-	-	12	12	1,297	30,237	31,534	31,546
Miscellaneous	9,467	2,367	6,191	116	23,899	16,567	16,511	75,118	9,919	5,643	15,562	90,680
Office supplies, postage and printing	14,848	12,202	3,645	3,576	7,233	21,576	9,235	72,315	18,112	21,894	40,006	112,321
Outside services	15,522	7,354	4,230	798	6,178	27,163	22,213	83,458	16,447	8,656	25,103	108,561
Product purchases	4,528	-	-	65,398	-	732,393	117,017	919,336	-	-	-	919,336
Telephone and utilities	16,346	7,676	4,585	1,576	6,512	28,771	59,013	124,479	20,851	11,471	32,322	156,801
Travel and meetings	1,211	336	638	19	802	4,596	1,824	9,426	5,293	36,546	41,839	51,265
Vehicle expense	32,076	7,964	16,038	-	13,364	56,131	8,074	133,647	-	-	-	133,647
Total expenses before donated food distributed	594,391	235,803	243,918	72,063	347,772	1,564,179	527,785	3,585,911	733,547	462,483	1,196,030	4,781,941
Donated food distributed	664,308	237,528	2,704	113,403	-	14,332,314	3,854,898	19,205,155	-	-	-	19,205,155
Total expenses	\$ 1,258,699	\$ 473,331	\$ 246,622	\$ 185,466	\$ 347,772	\$ 15,896,493	\$ 4,382,683	\$ 22,791,066	\$ 733,547	\$ 462,483	\$ 1,196,030	\$ 23,987,096

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	
Salaries, wages and related expenses												
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
Other expenses												
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 Cash Flows

	Year ended June 30	
	2024	2023
	<hr/>	<hr/>
Operating activities		
Increase in net assets	\$ 809,760	\$ 856,184
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	523,387	502,781
Net realized and unrealized gain on investments	(160,970)	(101,825)
Gain on beneficial interest in funds held by community foundations	(27,920)	(10,203)
Loss (gain) on disposal of property and equipment	(1,626)	9,521
Change in donated food inventory	(474,915)	(337,088)
Changes in operating assets and liabilities:		
Receivables	(67,927)	167,419
Purchased inventory	57,243	119,298
Prepaid expenses and other current assets	9,523	8,025
Notes receivable from related party	6,094	4,587
Accounts payable and accrued expenses	(30,251)	44,570
Deferred revenue	(4,750)	1,750
Refundable advance	-	(25,765)
Contributions received for endowment	(26,305)	(53,109)
Net cash provided by operating activities	<hr/> 611,343	<hr/> 1,186,145
Investing activities		
Purchases of investments	(3,711,047)	(1,115,608)
Proceeds from sale and maturities of investments	2,237,451	240,381
Distribution of grants from community foundations	9,699	-
Proceeds from sale of property and equipment	8,094	-
Purchase of property and equipment	(243,695)	(450,210)
Contributions received for endowment	26,305	53,109
Net cash used in investing activities	<hr/> (1,673,193)	<hr/> (1,272,328)
Financing activity —repayments of lease liability, finance	(11,144)	-
Decrease in cash and cash equivalents	(1,072,994)	(86,183)
Cash and cash equivalents at beginning of year	4,242,290	4,328,473
Cash and cash equivalents at end of year	<hr/> <hr/> \$ 3,169,296	<hr/> <hr/> \$ 4,242,290
Supplemental disclosures		
Interest paid	\$ 2,645	\$ -
Finance lease obligation for acquisition of equipment	275,795	-

See accompanying notes.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements

June 30, 2024

1. Organization

Community Harvest Food Bank of Northeast Indiana, Inc. (CHFBI) 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, CHFBI serves as the regional food bank for northeast Indiana, serving the counties of Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wells and Whitley. CHFBI receives food from regional businesses and farms and the national food bank network. CHFBI's support comes primarily from grants, contributions and fees from member agencies for shared maintenance costs.

The Mission and Vision of CHFBI 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.

CHFBI has grown to become a nationally recognized regional food bank within Feeding America, a national network of food banks. CHFBI distributes nearly 12 million pounds of food annually to people throughout the nine-county northeast Indiana region. CHFBI 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, CHFBI 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 CHFBI 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, CHFEB 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.
- CHFEB 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 CHFEB 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).
- CHFEB 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 TEFAP Commodity Credit Corporation (CCC).

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 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 it has taken or expects to take 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, 2021.

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 an allowance for credit losses based on relevant available information relating to past events, current conditions and reasonable and supportable forecasts 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, 2024 and 2023, no allowance for credit losses 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 \$1.93 and \$1.92 per pound for the years ending June 30, 2024 and 2023, respectively.

Management provides a provision for estimated spoilage of inventory. The provision for spoilage was \$37,569 and \$31,736 as of June 30, 2024 and 2023, 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, 2024 and 2023. 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.

Leases

CHFB determines if an arrangement is a lease at contract inception. Arrangements that are leases with an initial term of 12 months or less are not recorded in the statements of financial position, and CHFB recognizes lease expense on a straight-line basis over the lease term. CHFB has elected to not separate lease and non-lease components for all leases; rather, lease and non-lease components are accounted for as a single combined lease component. If leased assets have leasehold improvements, the depreciable life of those leasehold improvements are limited by the expected lease term.

If provided, CHFB uses the implicit discount rate in its lease agreements in determining the present value of the lease payments. If not provided in the lease agreement, CHFB uses the risk-free rate at the lease commencement date.

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.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Assets (continued)

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.

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, 2024 and 2023, the fair market value of contributed services recognized as revenue and expense in the accompanying statements of activities was \$11,467 and \$31,193, 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 \$1.57 and \$1.53 per pound for the years ended June 30, 2024 and 2023, 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

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 (continued)

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.

CHFb 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, 2024 and 2023.

Government Program Revenue

A portion of CHFb'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 CHFb 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:

	Year ended June 30	
	2024	2023
Cash and cash equivalents	\$ 3,169,296	\$ 4,542,290
Grants receivable	563,000	483,818
Other receivables	32,986	44,241
Notes receivable from related party	-	6,094
Investments	3,591,610	1,657,045
Beneficial interest in funds held by community foundations	278,737	260,516
Total financial assets at year-end	7,635,629	6,994,004
Less board-designated endowment	(1,339,443)	(1,216,570)
Less contractual or donor-imposed restrictions making financial assets unavailable to general expenditure	(1,222,480)	(1,150,699)
Less long-term portion of grant and notes receivable	(228,866)	(166,767)
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 4,844,840	\$ 4,459,968

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 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, 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.

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.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 CHFEB 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.

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, 2024 and 2023.

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.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

U.S. treasuries: Valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar obligations or bonds, the obligation or bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

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, CHFB's investments at fair value as of June 30, 2024 and 2023:

	Investments at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 95,354	\$ -	\$ -	\$ 95,354
U.S. Treasuries	-	2,276,189	-	2,276,189
Mutual funds				
Equity funds	122,794	-	-	122,794
International funds	97,591	-	-	97,591
	<u>220,385</u>	-	-	<u>220,385</u>
Exchange traded funds				
Equity funds	194,465	-	-	194,465
Fixed income	805,217	-	-	805,217
Total exchange traded funds	<u>999,682</u>	-	-	<u>999,682</u>
Total investments at fair value	<u>1,315,421</u>	<u>2,276,189</u>	-	<u>3,591,610</u>
Beneficial interest in funds held by community foundations	-	278,737	-	278,737
Total assets at fair value	<u>\$ 1,315,421</u>	<u>\$ 2,554,926</u>	<u>\$ -</u>	<u>\$ 3,870,347</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, 2023			
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 52,597	\$ -	\$ -	\$ 52,597
Certificates of deposit	-	800,000	-	800,000
Mutual funds				
Equity funds	111,803	-	-	111,803
Fixed income funds	211,386	-	-	211,386
International funds	94,175	-	-	94,175
	417,364	-	-	417,364
Exchange traded funds				
Equity funds	687,084	-	-	687,084
Total investments at fair value	1,157,045	800,000	-	1,957,045
Beneficial interest in funds held by community foundations	-	260,516	-	260,516
Total assets at fair value	\$ 1,157,045	\$ 1,060,516	\$ -	\$ 2,217,561

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, 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

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

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

foundations to CHFb are expended on programs or services that fulfill its mission and/or satisfy donor restrictions. The estimated value of the CHFb's beneficial interests in the community foundations which represents the fair market value is as follows:

	June 30	
	2024	2023
Community Foundation of Greater Fort Wayne Inc.	\$ 272,452	\$ 254,668
Steuben County Community Foundation, Inc.	6,285	5,848
	\$ 278,737	\$ 260,516

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 CHFb. At June 30, 2024 and 2023, the fair market value of these funds was \$445,093 and \$401,908, respectively. CHFb is precluded from recognizing these assets in CHFb's statements of financial position because of the explicitly granted variance power held by the community foundations. Accordingly, CHFb 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 CHFb are recorded as grants receivable at the present value of future cash flows. The present value discount rate used was 4.71 percent at June 30, 2024. CHFb's grants receivable are as follows:

	June 30	
	2024	2023
Amounts due in:		
Less than one year	\$ 334,133	\$ 321,243
One to five years	228,867	162,575
	\$ 563,000	\$ 483,818

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, 2024 and 2023, 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, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,339,443	\$ -	\$ 1,339,443
Donor-restricted endowment funds	-	254,719	254,719
Total endowment funds	<u>\$ 1,339,443</u>	<u>\$ 254,719</u>	<u>\$ 1,594,162</u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ 1,216,570	\$ 200,992	\$ 1,417,562
Contributions	280	26,025	26,305
Net investment return	127,269	27,702	154,971
Gain on beneficial interest in funds held by community foundations	27,920	-	27,920
Amounts appropriated for expenditure	(32,596)	-	(32,596)
	<u>122,873</u>	<u>53,727</u>	<u>176,600</u>
Endowment net assets at end of year	<u>\$ 1,339,443</u>	<u>\$ 254,719</u>	<u>\$ 1,594,162</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, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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:

	Without Donor Restrictions	With Donor Restrictions	Total
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
Gain 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>

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). CHF B has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies in donor-restricted endowment funds at June 30, 2024 and 2023.

CHF B 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.

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, 2024 and 2023. 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.

	June 30	
	2024	2023
Subject to expenditure for specific purpose:		
Hope for Heroes	\$ 25,000	\$ -
Holiday food	10,500	10,000
Kids Café – Back Pack	63,736	92,164
Community Cupboard	25,000	-
Community Pharmacy	705	-
Farm Wagon	97,500	-
Senior Pak	10,000	-
Unappropriated endowment earnings	28,829	1,127
Other	2,420	8,700
Purchased food	365,755	232,916
	<u>629,445</u>	<u>344,907</u>
Subject to the passage of time:		
Net assets that are not restricted by donors, but which are unavailable for expenditure until a future period	562,145	680,926
	<u>1,191,590</u>	<u>1,025,833</u>
Net assets restricted in perpetuity	225,890	199,865
	<u>\$1,417,480</u>	<u>\$1,225,698</u>

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 \$1,159,369 during the year ended June 30, 2024 and \$1,301,956 during the year ended June 30, 2023.

9. Lease Arrangements

CHFB leases certain office equipment pursuant to a noncancelable finance lease arrangement which expires in March 2029. Monthly payments pursuant to this finance lease are \$4,597 per month.

Community Harvest Food Bank of Northeast Indiana, Inc.

Notes to Financial Statements (continued)

9. Lease Arrangements (continued)

Undiscounted cash flows as of June 30, 2024 pursuant to the finance lease are as follows:

Fiscal 2025	\$ 55,159
Fiscal 2026	55,159
Fiscal 2027	55,159
Fiscal 2028	55,159
Fiscal 2029	41,370
Total minimum payments	<u>262,006</u>
Present value discount	25,627
Lease liability	<u>\$ 236,379</u>

The weighted average lease term at June 30, 2024 was 4.75 years and the weighted average interest rate was 4.34 percent. Amortization expense was \$11,144 for the years ended June 30, 2024 and is included in miscellaneous expense.

10. 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 \$22,669 and \$15,176 for the years ended June 30, 2024 and 2023, respectively.

11. 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 CHFB. The fees paid to these companies were based on customary and reasonable rates for such services.

12. Subsequent Events

Management has evaluated subsequent events through August 23, 2024, the date on which the financial statements were available to be issued.