



Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Second Harvest Inland Northwest

June 30, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Second Harvest Inland Northwest

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Second Harvest Inland Northwest, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Second Harvest Inland Northwest as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Second Harvest Inland Northwest and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Second Harvest Inland Northwest's ability to continue as a going concern for one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Second Harvest Inland Northwest'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 Second Harvest Inland Northwest's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, consolidated statement of activities detail – 2025, consolidated statement of activities detail – 2024, and the schedule of expenditures of nonfederal awards are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, consolidated statement of activities detail – 2025, consolidated statement of activities detail – 2024, and the schedule of expenditures of nonfederal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025 on our consideration of Second Harvest Inland Northwest '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 Second Harvest Inland Northwest '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 Second Harvest Inland Northwest 's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Spokane, Washington
December 18, 2025

Consolidated Financial Statements

**Second Harvest Inland Northwest
Consolidated Statements of Financial Position
June 30, 2025 and 2024**

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 2,734,933	\$ 2,670,472
Investments	10,013,636	9,506,908
Beneficial interest in trust	340,314	316,966
Due from government agencies, net	481,675	226,084
Related party receivable	4,500	13,259
Accounts receivable	639,198	617,095
Pledges receivable, net	629,738	180,274
Inventory, purchased, at lower of cost or net realizable value	206,497	264,912
Inventory, in-kind, at market	2,365,777	2,051,745
Inventory, in-kind, The Emergency Food Assistance Program (TEFAP)	165,882	456,933
Property and equipment, net	10,574,872	11,400,893
Operating lease right-of-use assets	560,965	463,039
Other assets	505,095	154,549
	\$ 29,223,082	\$ 28,323,129
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 101,348	\$ 275,657
Accrued expenses	598,540	413,441
Operating lease liabilities	560,965	463,039
	1,260,853	1,152,137
NET ASSETS		
Without donor restrictions		
Available for general activities	16,141,423	23,066,349
Designated by the Foundation board	9,433,988	-
Designated by the governing board for		
Operating reserve	-	1,700,000
Information technology reserve	-	128,040
Facilities reserve	-	546,960
Fleet reserve	-	267,054
	25,575,411	25,708,403
With donor restrictions		
Time or purpose	2,089,084	1,164,855
Perpetuity	297,734	297,734
	2,386,818	1,462,589
Total net assets	27,962,229	27,170,992
Total liabilities and net assets	\$ 29,223,082	\$ 28,323,129

See accompanying notes.

**Second Harvest Inland Northwest
Consolidated Statement of Activities
Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributed financial assets	\$ 8,021,256	\$ 1,349,113	\$ 9,370,369
Investment return, net	939,479	-	939,479
Purchase program	311,652	-	311,652
United Way contributions	44,578	-	44,578
Nonfederal organizations	517,631	-	517,631
Government fees and grants	1,784,527	-	1,784,527
Contributed nonfinancial assets	139,682,112	-	139,682,112
Miscellaneous	183,057	-	183,057
Net assets released from restrictions	424,884	(424,884)	-
	<u>151,909,176</u>	<u>924,229</u>	<u>152,833,405</u>
Total revenue, gains, and other support			
Expenses			
Program services			
Warehousing	67,736,298	-	67,736,298
Washington produce	77,219,455	-	77,219,455
Nutrition education	425,579	-	425,579
TEFAP	4,173,316	-	4,173,316
Support services			
Management and general	1,046,624	-	1,046,624
Fundraising	1,440,896	-	1,440,896
	<u>152,042,168</u>	<u>-</u>	<u>152,042,168</u>
Total expenses			
Change in net assets	(132,992)	924,229	791,237
NET ASSETS, beginning of year	<u>25,708,403</u>	<u>1,462,589</u>	<u>27,170,992</u>
NET ASSETS, end of year	<u>\$ 25,575,411</u>	<u>\$ 2,386,818</u>	<u>\$ 27,962,229</u>

See accompanying notes.

**Second Harvest Inland Northwest
Consolidated Statement of Activities
Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributed financial assets	\$ 6,777,418	\$ 984,582	\$ 7,762,000
Special events	306,730	-	306,730
Investment return, net	485,708	-	485,708
Purchase program	272,968	-	272,968
United Way contributions	41,437	-	41,437
Nonfederal organizations	870,461	-	870,461
Government fees and grants	1,273,798	-	1,273,798
Contributed nonfinancial assets	140,236,558	-	140,236,558
Miscellaneous	267,315	-	267,315
Net assets released from restrictions	<u>1,008,306</u>	<u>(1,008,306)</u>	<u>-</u>
 Total revenue, gains, and other support	 <u>151,540,699</u>	 <u>(23,724)</u>	 <u>151,516,975</u>
Expenses			
Program services			
Warehousing	64,418,437	-	64,418,437
Washington produce	80,215,295	-	80,215,295
Nutrition education	589,642	-	589,642
TEFAP	4,378,551	-	4,378,551
Support services			
Management and general	1,075,167	-	1,075,167
Fundraising	<u>1,522,289</u>	<u>-</u>	<u>1,522,289</u>
 Total expenses	 <u>152,199,381</u>	 <u>-</u>	 <u>152,199,381</u>
 Change in net assets	 (658,682)	 (23,724)	 (682,406)
NET ASSETS, beginning of year	<u>26,367,085</u>	<u>1,486,313</u>	<u>27,853,398</u>
NET ASSETS, end of year	<u>\$ 25,708,403</u>	<u>\$ 1,462,589</u>	<u>\$ 27,170,992</u>

See accompanying notes.

**Second Harvest Inland Northwest
Consolidated Statement of Functional Expenses
Year Ended June 30, 2025**

	Program Services				Program Services	Support Services			Total Expenses
	Warehousing	Washington Produce	Nutrition Education	TEFAP	Total	Management and General	Fundraising	Total	
Salaries	\$ 2,475,436	\$ -	\$ 280,679	\$ 382,306	\$ 3,138,421	\$ 365,927	\$ 737,814	\$ 1,103,741	\$ 4,242,162
Employee health and retirement benefits	552,015	-	64,615	95,922	712,552	69,016	156,454	225,470	938,022
Payroll taxes	264,693	-	32,991	45,833	343,517	21,452	74,677	96,129	439,646
Total salaries and related benefits	3,292,144	-	378,285	524,061	4,194,490	456,395	968,945	1,425,340	5,619,830
Professional fees	73,233	-	-	-	73,233	179,601	258,852	438,453	511,686
Contracted services	60,598	-	41,040	-	101,638	-	-	-	101,638
Supplies	165,038	-	4,793	2,260	172,091	1,592	3,380	4,972	177,063
Value added purchases	458,376	-	-	-	458,376	-	-	-	458,376
Telephone	31,394	-	-	5,187	36,581	8,939	-	8,939	45,520
Postage	6,964	-	-	-	6,964	17	52,557	52,574	59,538
Occupancy	273,612	-	179	17,436	291,227	20,944	-	20,944	312,171
Insurance	93,498	-	-	8,965	102,463	25,321	-	25,321	127,784
Equipment rent and maintenance	349,573	-	-	25,979	375,552	83,556	85,147	168,703	544,255
Printing, publications, and advertising	2,041	-	918	-	2,959	539	60,788	61,327	64,286
Travel and mileage	17,844	-	-	-	17,844	531	-	531	18,375
Motor freight and fleet gas	133,449	-	-	7,902	141,351	-	-	-	141,351
Conferences, conventions, and training	4,091	-	326	-	4,417	8,039	1,317	9,356	13,773
Assistance to individuals	61,808,454	77,219,455	-	3,581,296	142,609,205	-	-	-	142,609,205
Miscellaneous	4,783	-	-	-	4,783	59,832	9,111	68,943	73,726
Dues and fees	2,491	-	38	-	2,529	147,783	799	148,582	151,111
Agency reimbursements	120,000	-	-	230	120,230	-	-	-	120,230
Total expenses before depreciation	66,897,583	77,219,455	425,579	4,173,316	148,715,933	993,089	1,440,896	2,433,985	151,149,918
Depreciation	838,715	-	-	-	838,715	53,535	-	53,535	892,250
Total expenses	\$ 67,736,298	\$ 77,219,455	\$ 425,579	\$ 4,173,316	\$ 149,554,648	\$ 1,046,624	\$ 1,440,896	\$ 2,487,520	\$ 152,042,168

See accompanying notes.

**Second Harvest Inland Northwest
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024**

	Program Services			Program Services		Support Services		Total Expenses	
	Warehousing	Washington Produce	Nutrition Education	TEFAP	Total	Management and General	Fundraising		Total
Salaries	\$ 2,771,720	\$ -	\$ 413,252	\$ 295,943	\$ 3,480,915	\$ 406,697	\$ 862,692	\$ 1,269,389	\$ 4,750,304
Employee health and retirement benefits	550,866	-	66,566	64,264	681,696	66,548	170,748	237,296	918,992
Payroll taxes	268,546	-	71,504	87,352	427,402	18,173	82,837	101,010	528,412
Total salaries and related benefits	3,591,132	-	551,322	447,559	4,590,013	491,418	1,116,277	1,607,695	6,197,708
Professional fees	113,425	-	-	-	113,425	164,572	192,592	357,164	470,589
Contracted services	66,520	-	20,100	-	86,620	-	-	-	86,620
Supplies	133,872	-	14,567	4,496	152,935	4,072	790	4,862	157,797
Value added purchases	610,955	-	-	-	610,955	-	-	-	610,955
Telephone	34,458	-	-	4,029	38,487	9,359	-	9,359	47,846
Postage	7,897	-	-	-	7,897	1,345	66,554	67,899	75,796
Occupancy	265,318	-	1,352	16,664	283,334	22,252	-	22,252	305,586
Insurance	84,791	-	-	7,928	92,719	5,918	-	5,918	98,637
Equipment rent and maintenance	411,512	-	-	30,874	442,386	51,638	79,728	131,366	573,752
Printing, publications, and advertising	5,808	-	1,836	-	7,644	3,395	61,301	64,696	72,340
Travel and mileage	27,228	-	232	-	27,460	2,448	-	2,448	29,908
Motor freight and fleet gas	228,936	-	-	14,465	243,401	-	-	-	243,401
Conferences, conventions, and training	9,487	-	-	-	9,487	15,094	2,435	17,529	27,016
Assistance to individuals	57,863,389	80,215,295	-	3,852,368	141,931,052	-	-	-	141,931,052
Miscellaneous	242	-	-	-	242	11,982	37	12,019	12,261
Dues and fees	2,781	-	233	-	3,014	238,332	2,575	240,907	243,921
Agency reimbursements	125,000	-	-	168	125,168	-	-	-	125,168
Total expenses before depreciation	63,582,751	80,215,295	589,642	4,378,551	148,766,239	1,021,825	1,522,289	2,544,114	151,310,353
Depreciation	835,686	-	-	-	835,686	53,342	-	53,342	889,028
Total expenses	\$ 64,418,437	\$ 80,215,295	\$ 589,642	\$ 4,378,551	\$ 149,601,925	\$ 1,075,167	\$ 1,522,289	\$ 2,597,456	\$ 152,199,381

See accompanying notes.

**Second Harvest Inland Northwest
Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 791,237	\$ (682,406)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	892,250	889,028
Net realized and unrealized gain on investments	(424,465)	(258,823)
Unrealized gain on beneficial interest in trust	(23,348)	(21,677)
In-kind contributions, food and services	(139,677,476)	(140,232,804)
In-kind distributions, food and services	139,654,494	139,607,939
Change in assets and liabilities		
Receivables	(718,399)	987,701
Inventory, purchased, excluding in-kind donations	58,415	(143,171)
Other assets	(350,546)	(8,961)
Accounts payable	(174,309)	66,460
Accrued expenses	185,099	143,801
	<u>212,952</u>	<u>347,087</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(66,229)	(388,817)
Purchase of investments	(1,294,085)	(9,300,425)
Proceeds from sales of investments and certificates of deposit	1,211,823	3,766,352
	<u>(148,491)</u>	<u>(5,922,890)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	64,461	(5,575,803)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,670,472</u>	<u>8,246,275</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,734,933</u>	<u>\$ 2,670,472</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Lease assets obtained during the year in exchange for lease obligations	<u>\$ 97,926</u>	<u>\$ 191,123</u>

See accompanying notes.

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

Note 1 – Significant Accounting Policies

Organization – Second Harvest Inland Northwest (Organization), located in Spokane, Washington, is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization has been the hub for charitable food distribution in the Inland Northwest for more than 50 years. The Organization provides fresh produce, dairy products, meat, canned goods, and other food that helps feed hungry families and seniors living in 21 Eastern Washington and 5 North Idaho Counties. Surplus fresh produce donations are distributed to other Feeding America network members throughout the country.

The Organization created the Second Harvest Inland Northwest Foundation (Foundation) to carry out the qualified charitable or educational purposes of the Organization. The Foundation is a nonprofit corporation under Section 509(c)(3) of the IRC. The Foundation was incorporated on May 16, 2023, and granted exempt-status by the Internal Revenue Service on May 21, 2024, effective on the date of incorporation.

Principles of consolidation – These consolidated financial statements (the financial statements) are the result of the consolidation of the operations of the Organization and the Foundation. All intercompany transactions are eliminated upon consolidation.

Basis of accounting – The Organization maintains its accounting records on the accrual method of accounting.

Use of accounting estimates – The preparation of the consolidated financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the provision for depreciation, the allocation of expenses by function, fair value of inventory, the expected credit loss, and the amortized discount on unconditional promises to give.

Consolidated financial statement presentation – The consolidated financial statements of the Organization have been prepared in accordance with accounting guidance related to consolidated financial statements for not-for-profit organizations.

Cash and cash equivalents – The Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. At various times throughout the year, cash balances exceed federally insured limits in individual financial institutions. A possible loss exists for amounts in excess of \$250,000 at any one institution.

Accounts, related party, and pledges receivable – The Organization extends unsecured credit to its customers in the ordinary course of business but mitigates the associated credit risk by actively pursuing past due accounts. Accounts receivable are generally due on the last day of the month after delivery of product to the customer. Expected credit losses are estimated based on historical experience and management's evaluation of, among other factors, current and reasonable supportable expected future economic conditions and the customer's willingness or ability to pay. Management has estimated credit losses of \$0 and \$500 as of June 30, 2025 and 2024, respectively, as they believe that all receivables are collectible. There were no accounts receivable outstanding more than 90 days at June 30, 2025 or 2024.

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

Contributions, including unconditional promises to give, are recognized as revenue when the donor's commitment is made. Unconditional promises are recognized at the estimated present value of the future cash flows using discount rates. The discounts are computed using a rate that is commensurate with the risks involved and applicable to the years in which the promises are received. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as revenue with donor restrictions.

Due from government agencies – The Organization receives funds from government agencies during the normal course of business. These funds are expected to be collected within one year. Management continually assesses market trends, macroeconomic indicators, and historical collection information to determine credit losses. Management has estimated credit losses of \$44,000 and \$0 as of June 30, 2025 and 2024, respectively.

Investments and certificates of deposit – All investments in mutual funds and certificates of deposit are recorded at fair value based on quoted market prices. The net unrealized gains or losses in fair value of investments, as well as all other investment income, are recognized in the statements of activities.

These investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of securities will occur in the near term and that such changes could materially affect total net assets and the amounts reported in the statements of financial position.

Beneficial interest in trust – The beneficial interest in trust consists of assets administered by a separate, unrelated community foundation with the Organization deriving income and/or residual interest from the assets.

Inventory – In-kind food inventory is valued at estimated fair value. Purchased food inventory is valued at the cost to purchase the food using the first-in, first-out method. Donated food commodities inventory (The Emergency Food Assistance Program (TEFAP)) is valued at estimated net realizable value using the first-in, first-out method based on prices provided by the United States Department of Agriculture (USDA).

Property and equipment – Property and equipment are recorded at cost if purchased or at fair value if donated. The Organization capitalizes expenditures for items over \$10,000, or expenditures that substantially increase the useful lives of existing assets. Depreciation is computed on the straight-line method over the estimated useful lives ranging from 3 to 40 years.

Equipment and property purchased for grant programs, to which the Organization retains the title, are capitalized and depreciated over their estimated lives.

Operating lease right-of-use assets and liabilities – Transactions give rise to leases when the Organization receives substantially all the economic benefits from and has the ability to direct the use of specified property and equipment. The Organization determines if an arrangement is a lease at inception and only reassess its determination if the terms and conditions of the contract are changed. The operating lease right-of-use (ROU) asset is included within the Organization's assets, and the lease liability is included in liabilities on the Organization's consolidated statements of financial position.

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

ROU assets represent the Organization's right to use, or control the use of, a specified asset for the lease term. Lease liabilities are the Organization's obligation to make lease payments arising from a lease and are measured on a discounted basis. Operating lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term on the commencement date. The operating lease ROU asset includes any lease payments made and initial direct costs incurred and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease terms.

Net assets – The Organization reports information regarding its consolidated statements of financial position and consolidated statements of activities based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions – Without donor restrictions include resources that are not restricted by the donor and are available for the operations of the Organization without limitation. Without donor restrictions also include resources restricted by donor-imposed criteria for which the restrictions are met within the same time period as the funds are received, as well as those whose use has been limited by the Board for the purposes designated and are considered quasi-endowment funds.

The Foundation's board has designated certain assets as a quasi-endowment to provide long-term, flexible support for Second Harvest. These board-designated funds are organized into three components: the Food Forever Fund, focused on generating sustainable investment income for mission and program needs; the Distribution Center and Facilities Endowment, dedicated to future capital and infrastructure projects; and the Operating Reserve Account, which serves as a short-term reserve for upcoming operating or capital requirements. All expenditures from these funds require Foundation board approval to ensure alignment with their intended purposes and with Second Harvest's long-term priorities.

Net assets with donor restrictions – With donor restrictions include those whose use by the Organization has been limited by donors to a specific time period or purpose. Upon the fulfillment of the purposes for which the net assets were restricted, expiration of donor-imposed restriction, or withdrawal of a restriction by donor, with donor restrictions are reclassified to without donor restrictions. However, if a restriction is fulfilled in the same time period the contribution is received, the Organization reports the support as without donor restrictions. With donor restrictions also include endowments that have been received by the Organization from third-party donors with the stipulation that only the interest received thereon may be used for operations.

Functional allocation of expenses – Expenses are summarized on a functional basis in the consolidated financial statements. Expenses are charged directly to the function they benefit. When functions are shared or costs are intermingled, the Organization allocates expenses based on either a percentage of total labor hours or a percentage of total food weight distributed.

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

Contributed financial assets – Contributed financial assets that are received, including unconditional promises to give, are recorded as increases in net assets without donor restrictions or net assets with donor restricted support, depending on the existence or nature of any donor restrictions. Assets donated with explicit restrictions regarding their use and contributions with donor stipulations regarding how long those contributed assets must be maintained are recorded as net assets with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. Conditional contributions are recorded when the conditions associated have been met and barriers to entitlement have been satisfied.

Contributed nonfinancial assets – For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the consolidated statements of activities include:

	2025	2024
Food commodities	\$ 139,677,476	\$ 140,232,804
Services	4,636	3,754
	\$ 139,682,112	\$ 140,236,558

The Organization recognized contributed nonfinancial assets within revenue, including food commodities and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Organization receives substantial in-kind contributions, primarily in the form of donated food. The food is recorded at fair value on the date of donation that has been determined by Feeding America and management to be \$1.72 and \$1.74 per pound during 2025 and 2024, respectively. Feeding America is a nationwide network of 199 food banks. The market values for the fiscal years ended June 30, 2025 and 2024, have been calculated by an independent accountant under agreed-upon-procedures. The valuations were established as of December 31, 2025 and 2024.

Contributed food commodities were utilized in the following programs: warehousing, Washington produce, and TEFAP. Contributed services were used in warehousing, nutrition education, fundraising, and management and general.

Contributed food commodities are valued at fair value on the date of the donation. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services are valued in the consolidated financial statements at the estimated fair value for similar services.

For the years ended June 30, 2025 and 2024, a substantial number of unpaid volunteers have made significant contributions of approximately 50,439 and 54,333 hours, respectively, to the operations of the Organization. The value of this contributed time, estimated to be \$991,621 and \$1,018,196, respectively, is not reflected in these statements since it does not meet the criteria recognition under GAAP.

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

Advertising expenses – The Organization expenses advertising costs as incurred. During the years ended June 30, 2025 and 2024, promotional advertising expenses of \$27,465 and \$15,601, respectively, were incurred.

Valuation of long-lived assets – The Organization, using its best estimates based on reasonable and supportable assumptions and projections, reviews assets for impairment whenever events or changes in circumstances have indicated the carrying amount of its assets might not be recoverable. At June 30, 2025 and 2024, no assets had been written down.

Income tax status – The Organization is exempt from federal income tax under Section 501(c)(3) of the IRC except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515. The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters in operating expenses.

The Organization had no unrecognized tax benefits at June 30, 2025 and 2024. No interest or penalties were accrued for the years ended June 30, 2025 and 2024. The Organization files an exempt organization return in the U.S. federal jurisdiction and with the Washington charities division.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to be in accordance with the presentation in the current-year consolidated financial statements. Total net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent events – Subsequent events are events or transactions that occur after the date of the consolidated statement of financial position but before the consolidated financial statements available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the date of the consolidated statement of financial position and before the consolidated financial statements available to be issued.

The Organization has evaluated subsequent events through December 18, 2025, which is the date the consolidated financial statements were available to be issued.

Note 2 – Program Descriptions

Programs of the Organization include the following:

Warehousing (county and regional) – The Organization provides short-term food help to those experiencing a one-time only crisis, to those on federal assistance in transition, to those who lack basic life skills, and to nonprofit organizations providing a wide range of services.

Washington produce – The Organization distributes surplus fresh bulk produce donations to other Feeding America network members.

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

Nutrition education – The Organization provides hands-on cooking classes, demonstrations, and food samples to clients to increase food literacy and healthy eating habits. The Organization’s training and technical assistance for partner food banks empowers them to reach more clients with nutrition education as well.

The Emergency Food Assistance Program (TEFAP) – The Organization distributes surplus food made available by the federal government to low income and temporarily needy families in the community.

Note 3 – Investment Returns

Investments are carried at fair value on the consolidated statements of financial position. Realized and unrealized gains and losses, interest, and dividend income are reflected in the consolidated statements of activities.

For the years ended June 30, the Organization’s total investment return includes:

	2025	2024
Realized gains on investments	\$ 128,677	\$ 208,706
Unrealized gains on investments	347,617	63,342
Unrealized gain on beneficial interest in trust	23,348	21,677
Interest and dividend income	491,666	205,208
Investment fees	(51,829)	(13,225)
Investment return, net	<u>\$ 939,479</u>	<u>\$ 485,708</u>

Note 4 – Fair Value of Financial Instruments

FASB defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB requires valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization’s own assumptions about market inputs based on its own data.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

The following methods were used to estimate the fair value of all other financial instruments:

Diversified stock mutual funds – These are invested in various funds holding growth, index, and other equity type securities. Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Diversified bond mutual funds – These are invested in various funds holding corporate and government bonds, money market, and other fixed income securities. Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Beneficial interest in trust – Fair value is based on unobservable inputs. Beneficial interest is valued in underlying assets being recorded at fair value.

Limitations – The fair value estimates are made at a discrete point in time based on relevant market information and information about the financial instruments. Because no active market exists for certain financial instruments, their fair value estimates are based on judgments regarding current economic conditions and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment. A change in assumptions could significantly affect the estimates. Accordingly, the estimates presented herein are not necessarily indicative of what the Organization could realize in future market exchange. There has been no change in methodology during the 2025 and 2024 fiscal years.

The fair value measurements of the Organization's investments by asset category at June 30 were as follows:

	June 30, 2025	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Diversified stock mutual funds	\$ 5,460,691	\$ 5,460,691	\$ -	\$ -
Diversified bond mutual funds	4,552,945	4,552,945	-	-
Beneficial interest in trust	340,314	-	340,314	-
	\$ 10,353,950	\$ 10,013,636	\$ 340,314	\$ -
	June 30, 2024	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Diversified stock mutual funds	\$ 6,640,908	\$ 6,640,908	\$ -	\$ -
Diversified bond mutual funds	2,866,000	2,866,000	-	-
Beneficial interest in trust	316,966	-	316,966	-
	\$ 9,823,874	\$ 9,506,908	\$ 316,966	\$ -

Second Harvest Inland Northwest

Notes to Consolidated Financial Statements

Note 5 – Promises to Give (Pledges Receivable)

Promises to give are recorded after discounting to the present value of future cash flows at rates ranging from 5.72% to 5.79%. Management has determined the promises receivable to be fully collectible; therefore, no allowance is considered necessary at June 30, 2025 and 2024.

The discounted balance of promises to give at June 30:

	2025	2024
Unconditional promises to give	\$ 653,336	\$ 201,670
Less unamortized discount	(23,598)	(21,396)
Unconditional promises to give	\$ 629,738	\$ 180,274

Promises to give at June 30, 2025, are expected be realized in the following periods:

Amounts due in	
Less than one year	\$ 313,334
One to five years	316,404
	\$ 629,738

Note 6 – Property and Equipment

Property and equipment consist of the following at June 30:

	2025	2024
Land	\$ 777,569	\$ 777,569
Buildings	5,958,404	5,958,404
Building improvements	7,719,026	7,708,724
Vehicles	1,628,319	1,616,414
Office equipment	445,447	445,447
Warehouse and kitchen equipment	2,845,476	2,903,390
	19,374,241	19,409,948
Less accumulated depreciation	8,799,369	8,009,055
	\$ 10,574,872	\$ 11,400,893

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as follows:

	2025	2024
Contributions restricted in perpetuity	\$ 297,734	\$ 297,734
Beef Counts	18,831	386
Bite 2 Go	433,766	385,150
Dairy for Life	7,228	11,045
Promise to give (time restriction)	629,738	180,274
Estate gifts (time restriction)	629,521	588,000
Asset held for sale (time restriction)	370,000	-
	\$ 2,386,818	\$ 1,462,589

Net assets with donor restrictions released from restrictions are as follows:

	2025	2024
Beef Counts	\$ 386	\$ 131
Bite 2 Go	385,150	567,762
Dairy for Life	11,046	15,054
Promises to give	28,302	319,971
Estate gifts	-	105,388
	\$ 424,884	\$ 1,008,306

Note 8 – Endowment

The Organization's endowment consists of two individual funds. Its endowment includes only donor-restricted endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the Uniform Prudent Management of Institutional Funds (UPMIFA) and Washington State law, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation and depreciation of investments
- Other resources of the Organization
- The investment policies of the Organization
- The spending policies of the Organization

Endowment net asset composition by type of fund as of June 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 340,314	\$ 340,314
Board-designated endowment funds	9,433,988	-	9,433,988
	\$ 9,433,988	\$ 340,314	\$ 9,774,302

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 316,966	\$ 316,966
	\$ -	\$ 316,966	\$ 316,966

Changes in endowment net assets for the fiscal year ended:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ -	\$ 297,734	\$ 297,734
Investment return			
Net appreciation (unrealized and realized)	-	19,232	19,232
Total change in investments	-	19,232	19,232
Endowment net assets, June 30, 2024	\$ -	\$ 316,966	\$ 316,966
Investment return			
Net investment income	238,178	-	238,178
Net appreciation (unrealized and realized)	195,810	23,348	219,158
Total change in investments	433,988	23,348	457,336
Contributions	9,000,000	-	9,000,000
Endowment net assets, June 30, 2025	\$ 9,433,988	\$ 340,314	\$ 9,774,302

Fund with deficiencies – From time to time, the fair value of assets associated with individual

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies in net assets with donor restrictions as of June 30, 2025 and 2024.

Absent donor stipulations to the contrary, the Organization will not appropriate for expenditure from a permanent endowment fund if such expenditure will result in the fair value of the fund falling below the perpetual value of the fund, measured as of June 30 of the fiscal year of appropriation.

Return objectives and risk parameters – The objective of the investment and spending policies for endowment assets adopted by the Organization is to preserve and, over time, increase the inflation adjusted value of the investable assets of the Organization. Second, the objective is to maximize, over the long run, the total rate of return on investable assets, assuming a level of risk consistent with prudent investment practices for such funds. Endowment assets, for purposes of this disclosure, include those assets of donor-restricted funds the Organization must hold in perpetuity or for a donor-specified period, as well as Board-designated (quasi-endowment) funds. All endowment and quasi-endowment funds shall be subject to the same high level of prudent investment policy.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization 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.

Spending policy and how the investment objectives relate to spending policy – The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average dollars available for the prior three years through the fiscal year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 6% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns.

Note 9 – Retirement Plan

The Organization has established a 403(b) tax deferred annuity (Plan) for the benefit of its employees. All regular full and part-time employees are eligible for employer contributions upon working 1,000 hours and completing 12 consecutive months of service. The Organization contributes between 6% and 9% of an employee's salary depending upon the years of service. Participants are fully vested in the Plan after completing five years of service. Employer contributions for the years ended June 30, 2025 and 2024, were \$ 282,973 and \$251,572, respectively.

Second Harvest Inland Northwest

Notes to Consolidated Financial Statements

Note 10 – Deferred Compensation Plan

The Organization has established a deferred compensation plan for the purpose of supplementing the compensation and benefits of certain key executives who are selected by the Board of Directors to participate in the Plan. Contribution levels are determined by the Board of Directors. Plan expenses for the years ended June 30, 2025 and 2024, were \$14,014 and \$13,011, respectively.

Note 11 – Contingencies

The Organization's grant funding is subject to various risks, including changes in government policy and potential executive orders issued by federal, state, or local authorities. These executive orders may result in modifications, delays, or cancellations of grant funding programs that could adversely impact the Organization's ability to fulfill its commitments under existing grants. The Organization has assessed these risks and believes that any potential impact from such executive orders is uncertain. The ultimate effect on the Organization's financial position and results of operations will depend on future governmental actions and the timing of their implementation. The Organization will continue to monitor developments related to these executive orders and will take appropriate actions as necessary.

The Organization receives a portion of its revenue from government grants and contracts, all of which are subject to audit by state and federal agencies. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and audited by these agencies. Until such audits have been completed, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Note 12 – Operating Leases

The Organization has noncancelable leases for trucks. The Organization utilizes the risk-free borrowing rate as the discount rate for calculating the present value of future cash flows. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Future minimum rental payments under noncancelable leases with terms in excess of one year are as follows:

2026	\$ 144,344
2027	144,344
2028	97,859
2029	93,633
2030	91,333
Thereafter	<u>46,273</u>
Total undiscounted cash flows	617,786
Less present value adjustment	<u>56,821</u>
Total lease liability	<u><u>\$ 560,965</u></u>

Second Harvest Inland Northwest Notes to Consolidated Financial Statements

Total lease expense for the years ended June 30, 2025 and 2024, was \$ 177,557 and \$140,703, respectively. The weighted average discount rate is 3.78% and 3.53% and the weighted average remaining term is 4.85 and 5.07 years for the Organization's operating leases as of June 30, 2025 and 2024, respectively.

Note 13 – Related-Party Transactions

Feeding Washington is a Washington nonprofit membership corporation formed to create an effective, united, and capable statewide hunger relief system delivering maximum benefit to the hungry people of Washington State. Feeding Washington consists of two members: Second Harvest Inland Northwest and Food Lifeline. During the years ended June 30, 2025 and 2024, the Organization paid \$16,000 and \$100,000, respectively, to Feeding Washington in the form of membership dues.

Note 14 – Liquidity and Availability of Financial Assets

Availability and liquidity – The following represents Second Harvest Inland Northwest's financial assets at June 30, 2025 and 2024:

	2025	2024
Financial assets at year-end		
Cash and cash equivalents	\$ 2,734,933	\$ 2,670,472
Investments	10,013,636	9,506,908
Beneficial interest in trust	340,314	316,966
Due from government agencies	481,675	226,084
Pledges receivable, net	629,738	180,274
Receivable from related party	4,500	13,259
Accounts receivable, net of expected credit loss	639,198	617,095
Total financial assets	14,843,994	13,531,058
Less amounts unavailable for general expenditures within one year		
Net assets with donor restrictions	2,386,818	1,462,589
Less net assets with donor restrictions to be met in less than a year	(1,772,679)	(1,022,916)
Total amounts unavailable to be used within one year	614,139	439,673
Financial assets available to meet general expenditures over the next 12 months	\$ 14,229,855	\$ 13,091,385

Second Harvest Inland Northwest's goal is generally to maintain financial assets to meet or exceed 90 days of operating expenses (approximately \$2.8 million).

Supplementary Information

**Second Harvest Inland Northwest
Consolidated Statement of Activities Detail
Year Ended June 30, 2025**

BREAKDOWN BY PROGRAM	Program Services				Support Services			Total	
	Warehousing	Washington Produce	Nutrition Education	TEFAP	Total Program Services	Management and General	Fundraising		Total Support Services
REVENUE, GAINS, AND OTHER SUPPORT									
Contributed financial assets	\$ 9,370,369	\$ -	\$ -	\$ -	\$ 9,370,369	\$ -	\$ -	\$ -	\$ 9,370,369
Investment return, net	-	-	-	-	-	939,479	-	939,479	939,479
Purchase program	311,652	-	-	-	311,652	-	-	-	311,652
United Way contributions	44,578	-	-	-	44,578	-	-	-	44,578
Nonfederal organizations	517,631	-	-	-	517,631	-	-	-	517,631
Government fees and grants	998,065	-	243,549	542,913	1,784,527	-	-	-	1,784,527
Contributions of nonfinancial assets	59,170,543	77,219,455	-	3,290,246	139,680,244	1,474	394	1,868	139,682,112
Miscellaneous	151,757	-	17,150	-	168,907	14,150	-	14,150	183,057
Total revenue, gains, and other support	<u>70,564,595</u>	<u>77,219,455</u>	<u>260,699</u>	<u>3,833,159</u>	<u>151,877,908</u>	<u>955,103</u>	<u>394</u>	<u>955,497</u>	<u>152,833,405</u>
EXPENSES									
Support services	-	-	-	-	-	1,046,624	1,440,896	2,487,520	2,487,520
Program services	67,736,298	77,219,455	425,579	4,173,316	149,554,648	-	-	-	149,554,648
Total expenses	<u>67,736,298</u>	<u>77,219,455</u>	<u>425,579</u>	<u>4,173,316</u>	<u>149,554,648</u>	<u>1,046,624</u>	<u>1,440,896</u>	<u>2,487,520</u>	<u>152,042,168</u>
Change in net assets	<u>\$ 2,828,297</u>	<u>\$ -</u>	<u>\$ (164,880)</u>	<u>\$ (340,157)</u>	<u>\$ 2,323,260</u>	<u>\$ (91,521)</u>	<u>\$ (1,440,502)</u>	<u>\$ (1,532,023)</u>	<u>\$ 791,237</u>

See report of independent auditors.

**Second Harvest Inland Northwest
Consolidated Statement of Activities Detail
Year Ended June 30, 2024**

BREAKDOWN BY PROGRAM	Program Services				Support Services			Total	
	Warehousing	Washington Produce	Nutrition Education	TEFAP	Total Program Services	Management and General	Fundraising		Total Support Services
REVENUE, GAINS, AND OTHER SUPPORT									
Contributed financial assets	\$ 7,762,000	\$ -	\$ -	\$ -	\$ 7,762,000	\$ -	\$ -	\$ -	\$ 7,762,000
Special events	-	-	-	-	-	-	306,730	306,730	306,730
Investment return, net	-	-	-	-	-	485,708	-	485,708	485,708
Purchase program	272,968	-	-	-	272,968	-	-	-	272,968
United Way contributions	41,437	-	-	-	41,437	-	-	-	41,437
Nonfederal organizations	870,461	-	-	-	870,461	-	-	-	870,461
Government fees and grants	476,151	-	277,486	520,161	1,273,798	-	-	-	1,273,798
Contributions of nonfinancial assets	56,069,019	80,215,295	-	3,951,882	140,236,196	362	-	362	140,236,558
Miscellaneous	232,125	-	35,190	-	267,315	-	-	-	267,315
Total revenue, gains, and other support	65,724,161	80,215,295	312,676	4,472,043	150,724,175	486,070	306,730	792,800	151,516,975
EXPENSES									
Support services	-	-	-	-	-	1,075,167	1,522,289	2,597,456	2,597,456
Program services	64,418,437	80,215,295	589,642	4,378,551	149,601,925	-	-	-	149,601,925
Total expenses	64,418,437	80,215,295	589,642	4,378,551	149,601,925	1,075,167	1,522,289	2,597,456	152,199,381
Change in net assets	\$ 1,305,724	\$ -	\$ (276,966)	\$ 93,492	\$ 1,122,250	\$ (589,097)	\$ (1,215,559)	\$ (1,804,656)	\$ (682,406)

See report of independent auditors.

**Second Harvest Inland Northwest
Schedule of Expenditures of Nonfederal Awards
Year Ended June 30, 2025**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Additional Award Information</u>	<u>Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
Washington State Department of Agriculture We Feed Washington		K4704	\$ -	\$ 279,200
Washington State Department of Commerce Clean Buildings Performance Grant		25-95701-115	-	15,600
			<u>\$ -</u>	<u>\$ 294,800</u>
Total nonfederal expenditures			<u>\$ -</u>	<u>\$ 294,800</u>

See report of independent auditors.

**Second Harvest Inland Northwest
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Additional Award Information	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
U.S. Department of Agriculture					
Passed through from Washington State Department of Agriculture					
Food Distribution Cluster					
The Emergency Food Assistance Program (TEFAP)-					
Food Commodities		10.569	K4900	\$ 946,348	\$ 1,056,013
Food Commodities		10.569	K5713	2,235,062	2,522,399
The Emergency Food Assistance Program		10.568	K4900	150	100,310
The Emergency Food Assistance Program		10.568	K5713	80	201,135
Total Food Distribution Cluster				<u>3,181,640</u>	<u>3,879,857</u>
Supplemental Nutrition Assistance Program (SNAP) Cluster					
Passed through from Washington State Department of Health					
Supplemental Nutrition Assistance Program - Education		10.561	CBO28696	-	131,541
Passed through from People for People					
Basic Food Outreach Program		10.561	2HINW-2213-44421	-	112,008
Total Supplemental Nutrition Assistance Program (SNAP) Cluster				<u>-</u>	<u>243,549</u>
Passed through from Washington State Department of Agriculture					
The Emergency Food Assistance Program - CCC		10.187	K5109	-	49,336
The Emergency Food Assistance Program - CCC		10.187	K5109	-	20,487
Total The Emergency Food Assistance Program - CCC				<u>-</u>	<u>69,823</u>
Total U.S. Department of Agriculture				<u>3,181,640</u>	<u>4,193,229</u>

See accompanying notes to the schedules of expenditures of federal awards.

**Second Harvest Inland Northwest
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Additional Award Information	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
U.S. Department of the Treasury					
Passed through from Washington State Department of Agriculture					
The Emergency Food Assistance Program Gap	COVID-19	21.027	K4784	-	171,645
We Feed Washington	COVID-19	21.027	K5865	-	256,595
Passed through from Spokane County Housing and Community Development					
Emergency Food Response Network Grants	COVID-19	21.027	Unknown	-	234,901
Passed through from Benton Franklin Health District					
Emergency Food Response Network Grants	COVID-19	21.027	Unknown	-	123,768
Total Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) and U.S. Department of the Treasury				-	786,909
U.S. Department of Homeland Security					
Passed through from Federal Emergency Management Agency (FEMA)					
Emergency Food and Shelter National Board Program		97.024	40-892800-003	-	44,000
Emergency Food and Shelter National Board Program		97.024	41-892800-003	-	44,000
Total U.S. Department of Homeland Security				-	88,000
Total Federal Expenditures				<u>\$ 3,181,640</u>	<u>\$ 5,068,138</u>

See accompanying notes to the schedules of expenditures of federal awards.

Second Harvest Inland Northwest

Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Organization has elected not to use the *de minimis* indirect cost rate allowed under the Uniform Guidance.

Note 3 – Financial Statement Classification of the Schedule of Expenditures of Federal Awards

The following details are provided to present classification of revenues recorded within the financial statements from the schedule of expenditures of federal awards.

Statement of Activities

Government fees and grants	\$ 1,489,726
Contributed nonfinancial assets	<u>3,578,412</u>
Total Expenditures of Federal Awards	<u><u>\$ 5,068,138</u></u>

Expenditures of federal awards are included in various program service expenses in the consolidated statements of activities.

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

The Board of Directors
Second Harvest Inland Northwest

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Second Harvest Inland Northwest which comprise the statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Second Harvest Inland Northwest's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Second Harvest Inland Northwest's internal control. Accordingly, we do not express an opinion on the effectiveness of Second Harvest Inland Northwest's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Second Harvest Inland Northwest's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Baker Tilly US, LLP

Spokane, Washington
December 18, 2025

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Second Harvest Inland Northwest

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Second Harvest Inland Northwest's (Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the of Second Harvest Inland Northwest's major federal program for the year ended June 30, 2025. Second Harvest Inland Northwest's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Second Harvest Inland Northwest complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

Spokane, Washington
December 18, 2025

**Second Harvest Inland Northwest
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>ALN Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Program</i>
10.568 & 10.569	Food Distribution Cluster	Unmodified

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

No matters were reported for the year ended June 30, 2025.

Section III – Federal Award Findings and Questioned Costs

No matters were reported for the year ended June 30, 2025.

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