FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION

As of and for the Years Ended June 30, 2026 and 2025

And Reports of Independent Auditor

Cherry Bekaert LLP

Your Guide Forward

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
Food Bank of Central & Eastern North Carolina, Inc. and Affiliate
Raleigh, North Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Food Bank of Central & Eastern North Carolina, Inc. and Affiliate (the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2026 and 2025, and the results of its operations 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 Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated 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 consolidated financial statements that are free from material misstatements, 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 Organization's ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 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 consolidated 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 misstatements 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 accompanying consolidating schedules, as listed in the table of contents, 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 information is 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 October 9, 2026, on our consideration of the Organization's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
October 9, 2026

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,865,343	$ 8,285,620
Accounts receivable, net	828,329	478,506
Promises to give, current, net	426,014	289,631
Grants receivable	989,928	2,578,092
Food inventories	3,372,923	3,946,100
Prepaid expenses	447,290	345,993
Total Current Assets	10,929,827	15,923,942
Property and Equipment:		
Buildings	33,328,483	31,464,607
Construction-in-process	-	1,433,987
Land	4,400,375	4,177,696
Fleet	3,986,933	3,935,408
Furniture and equipment	2,104,593	2,056,885
Leasehold improvements	4,529,630	744,931
Total Property and Equipment	48,350,014	43,813,514
Less accumulated depreciation	9,795,849	8,170,717
Property and Equipment, Net	38,554,165	35,642,797
Operating lease right-of-use assets, net	2,809,384	4,461,642
Finance lease right-of-use assets, net	1,312,025	1,675,144
Promises to give, net of current portion, allowance, and discount	1,051,260	49,500
Notes receivable	8,770,000	8,770,000
Beneficial interest in assets held by others	547,825	455,088
Investments	63,816,976	50,292,404
Intangible assets	243,261	132,936
Deposits	53,528	58,265
Total Assets	$ 128,088,251	$ 117,461,718

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

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2026 AND 2025

	2026	2025
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 869,925	$ 741,867
Accrued expenses:		
Accrued retirement payable	169,791	194,495
Accrued vacation payable	746,378	647,949
Accrued salaries and payroll taxes	558,937	500,818
Other accrued expense	255,903	179,907
Operating lease liabilities, current	470,880	1,017,245
Finance lease liabilities, current	414,633	568,777
Unearned income	333,109	180,996
Total Current Liabilities	3,819,556	4,032,054
Note payable, net of debt issuance costs	11,969,060	11,892,452
Operating lease liabilities, net of current portion	3,315,368	3,476,906
Finance lease liabilities, net of current portion	837,633	970,035
Total Liabilities	19,941,617	20,371,447
Net Assets:		
Without donor restrictions	106,361,521	95,717,153
With donor restrictions	1,785,113	1,373,118
Total Net Assets	108,146,634	97,090,271
Total Liabilities and Net Assets	$ 128,088,251	$ 117,461,718

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

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Food donated	$ 181,336,666	$ -	$ 181,336,666
Food purchase programs	3,023,995	-	3,023,995
Contributions	35,200,861	4,415,387	39,616,248
Governmental grant awards	7,548,783	-	7,548,783
Materials and services donated	244,543	-	244,543
Net investment return	4,803,069	-	4,803,069
Other	58,381	-	58,381
Loss on disposal of property and equipment	(607,957)	-	(607,957)
Total Support and Revenues	231,608,341	4,415,387	236,023,728
Net assets released from restrictions	4,003,392	(4,003,392)	-
Total Support, Revenues, and Reclassifications	235,611,733	411,995	236,023,728
Expenses:			
Program Services:			
Community programs	214,917,911	-	214,917,911
Supporting Services:			
Management and general	4,657,601	-	4,657,601
Fundraising	5,391,853	-	5,391,853
Total Expenses	224,967,365	-	224,967,365
Change in net assets	10,644,368	411,995	11,056,363
Net assets, beginning of year	95,717,153	1,373,118	97,090,271
Net assets, end of year	$ 106,361,521	$ 1,785,113	$ 108,146,634

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

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Food donated	$ 203,485,661	$ -	$ 203,485,661
Food purchase programs	1,823,801	-	1,823,801
Contributions	26,918,099	1,156,347	28,074,446
Governmental grant awards	11,207,947	-	11,207,947
Materials and services donated	288,731	-	288,731
Net investment return	4,110,179	-	4,110,179
Other	69,283	-	69,283
Loss on disposal of property and equipment	(76,781)	-	(76,781)
Total Support and Revenues	247,826,920	1,156,347	248,983,267
Net assets released from restrictions	1,091,830	(1,091,830)	-
Total Support, Revenues, and Reclassifications	248,918,750	64,517	248,983,267
Expenses:			
Program Services:			
Community programs	239,062,948	-	239,062,948
Supporting Services:			
Management and general	4,832,550	-	4,832,550
Fundraising	5,863,241	-	5,863,241
Total Expenses	249,758,739	-	249,758,739
Change in net assets	(839,989)	64,517	(775,472)
Net assets, beginning of year	96,557,142	1,308,601	97,865,743
Net assets, end of year	$ 95,717,153	$ 1,373,118	$ 97,090,271

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

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2026

	Program Services	Supporting Services		
	Community Programs	Management and General	Fundraising	Total
Advertising and marketing	$ -	$ -	$ 134,764	$ 134,764
Agency and community support	1,528,307	-	-	1,528,307
Amortization expense	-	678,917	-	678,917
Bank and credit card fees	50	18,597	304,838	323,485
Commercial freight	1,337,602	-	-	1,337,602
Communications	37,258	22,842	69,621	129,721
Conferences and meetings	87,560	30,381	17,828	135,769
Contract services	690,391	504,032	167,546	1,361,969
Depreciation	1,772,031	16,189	22,432	1,810,652
Donated food and supplies distributed	182,002,060	-	-	182,002,060
Employee benefits	1,869,555	505,031	371,890	2,746,476
Fundraising services	-	-	2,327,416	2,327,416
Insurance	386,645	21,480	21,480	429,605
Interest expense	-	213,639	-	213,639
Kitchen expense	21,927	-	-	21,927
Miscellaneous	34,370	1,909	1,909	38,188
Occupancy	829,529	46,085	46,085	921,699
Other	4,404	850	10,012	15,266
Payroll taxes	603,287	162,968	120,005	886,260
Postage	4,585	5,478	38,476	48,539
Professional fees	3,130	73,358	14,810	91,298
Program expenses	1,876,692	-	-	1,876,692
Provision for credit losses	13,117	-	-	13,117
Purchased food and supplies distributed	7,328,289	-	-	7,328,289
Rental and equipment maintenance	303,016	16,834	16,834	336,684
Salaries	8,168,154	2,206,497	1,624,803	11,999,454
Supplies	87,026	23,509	17,311	127,846
Telephone and data	220,464	59,555	43,855	323,874
Temporary help	331,454	33,063	-	364,517
Travel	76,372	16,387	19,938	112,697
Trucking expense	735,738	-	-	735,738
Value added processing and packaging	2,724,277	-	-	2,724,277
Warehouse expense	1,840,621	-	-	1,840,621
	$ 214,917,911	$ 4,657,601	$ 5,391,853	$ 224,967,365

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

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	Program Services	Supporting Services		
	Community Programs	Management and General	Fundraising	Total
Advertising and marketing	$ -	$ -	$ 172,991	$ 172,991
Agency and community support	1,508,620	-	-	1,508,620
Amortization expense	-	623,111	-	623,111
Bank and credit card fees	50	1,971	210,145	212,166
Commercial freight	1,741,898	-	-	1,741,898
Communications	48,770	32,509	82,109	163,388
Conferences and meetings	158,214	113,531	26,249	297,994
Contract services	232,626	500,183	173,503	906,312
Depreciation	1,482,364	23,275	30,774	1,536,413
Donated food and supplies distributed	204,075,870	-	-	204,075,870
Employee benefits	1,856,924	449,008	392,463	2,698,395
Fundraising services	-	-	2,372,184	2,372,184
Insurance	345,776	19,210	19,210	384,196
Interest expense	-	224,087	-	224,087
Kitchen expense	41,227	-	-	41,227
Miscellaneous	59,207	3,289	3,289	65,785
Occupancy	285,973	15,887	15,887	317,747
Other	20,628	-	31,133	51,761
Payroll taxes	661,169	159,872	139,739	960,780
Postage	7,601	1,520	40,753	49,874
Professional fees	130,303	149,414	27,533	307,250
Program expenses	3,409,348	-	-	3,409,348
Provision for credit losses	6,337	-	-	6,337
Purchased food and supplies distributed	6,516,584	-	-	6,516,584
Rental and equipment maintenance	389,878	21,660	21,660	433,198
Salaries	9,196,791	2,223,801	1,943,750	13,364,342
Supplies	438,941	106,137	92,771	637,849
Telephone and data	225,677	54,569	47,697	327,943
Temporary help	383,518	79,096	-	462,614
Travel	85,781	30,420	19,401	135,602
Trucking expense	797,437	-	-	797,437
Value added processing and packaging	3,367,938	-	-	3,367,938
Warehouse expense	1,587,498	-	-	1,587,498
	$ 239,062,948	$ 4,832,550	$ 5,863,241	$ 249,758,739

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

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 11,056,363	$ (775,472)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,810,652	1,536,413
Amortization expense related to finance leases	602,309	546,503
Loss on disposal of property and equipment	607,957	76,781
Donated furniture and equipment	(155,928)	(95,045)
Provision for credit losses	13,117	6,337
Net realized and unrealized gains on investments	(2,732,181)	(1,735,213)
Change in beneficial interest in assets held by others	(42,737)	(22,954)
Food donated	(181,336,666)	(203,485,661)
Donated food and supplies distributed	181,727,092	204,075,870
Amortization of deferred loan costs	76,608	76,608
Noncash lease expense	948,949	23,413
Changes in operating assets and liabilities:		
Accounts receivable	(362,940)	(75,556)
Promises to give	(1,138,143)	599,437
Grants receivable	1,588,164	(1,585,583)
Food inventories	182,751	(203,777)
Prepaid expenses	(101,297)	(167,605)
Deposits	4,737	(49,333)
Accounts payable	128,058	(740,247)
Accrued expenses	207,840	(486,485)
Unearned income	152,113	16,885
Total adjustments	2,180,455	(1,689,212)
Net cash flows from operating activities	13,236,818	(2,464,684)
Cash flows from investing activities:		
Purchases of property and equipment	(5,174,049)	(2,150,441)
Purchases on intangible assets	(110,325)	(132,936)
Purchases of investments	(39,594,748)	(29,021,799)
Contributions to beneficial interests in assets held by others	(50,000)	(300,000)
Proceeds from property and equipment	-	20,508
Proceeds from sale of investments	28,802,357	37,292,147
Net cash flows from investing activities	(16,126,765)	5,707,479
Cash flows from financing activities:		
Payments on obligations under finance leases	(530,330)	(488,742)
Net change in cash and cash equivalents	(3,420,277)	2,754,053
Cash and cash equivalents, beginning of year	8,285,620	5,531,567
Cash and cash equivalents, end of year	$ 4,865,343	$ 8,285,620

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

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Supplemental disclosures of cash flow information:		
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 244,192	$ 1,095,373
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 138,679	$ 4,563,902
Cash paid for interest	$ 213,639	$ 224,087

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

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

The Food Bank of Central & Eastern North Carolina, Inc. (the "Food Bank") is a nonprofit corporation organized under the laws of the state of North Carolina.

Feeding Wilmington, Inc. (the "Affiliate" or "Feeding Wilmington") is an organization incorporated in March 2023. It was formed for the exclusive purpose of holding the title to the 32,000 square foot distribution center located in Wilmington, North Carolina (see Note 12), collecting income therefrom, and turning over the entire amount, thereof, less expenses to the Food Bank.

The consolidated financial statements include the accounts of Food Bank of Central & Eastern North Carolina, Inc. and Affiliate (collectively, the "Organization") for the years ended June 30, 2026 and 2025. All significant intercompany transactions and balances have been eliminated in consolidation.

The Organization has warehouses in central and eastern North Carolina in Raleigh, Greenville, Southern Pines, New Bern, Durham, and Wilmington.

The Organization's mission is to contribute to the alleviation of hunger and need in 34 counties in central and eastern North Carolina by accumulating high quality and nutritious food and non-food essentials and providing them to non-profit agencies who distribute directly to the needy, the ill, or infants; assisting in building the capacity of agencies responsible for directly distributing food and nonfood items; extending programs to unserved communities within the service area; and advocating means that will eliminate hunger and the poverty that is its cause.

Basis of Accounting – The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and, accordingly, reflect all significant assets, liabilities, and changes in net assets.

Basis of Presentation – Consolidated financial statement presentations follow the recommendations of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") 958, F*inancial Statements of Not-for-Profit Organizations.* This statement requires that nonprofit organizations provide a statement of financial position, natural classification of expenses, and a statement of cash flows. Also, the statements require classification of an organization's net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions (with or without donor restrictions). Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets.

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

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

Cash and Cash Equivalents – The Organization considers all highly-liquid investments with a maturity of three months or less when purchased, to be cash equivalents. For purposes of the consolidated statement of cash flows, contributions of permanently restricted cash and cash equivalents are classified as cash flows from financing activities.

Accounts Receivable – The Organization extends credit to various agencies. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses ("ASC 326"),* the Organization makes ongoing estimates relating to the collectability of accounts receivable and records an allowance for estimated credit losses expected from the inability of its customers to make required payments. The Organization establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivable are written off when there is no reasonable expectation of recovery. The changes in the allowance for credit losses for the year ended June 30, are as follows:

	2026	2025
Balance, beginning of year	$ 41,800	$ 47,200
Write-offs	(13,217)	(11,737)
Allowance provision	13,117	6,337
Balance, end of year	$ 41,700	$ 41,800

Gross accounts receivable as of July 1, 2024 was $456,587.

Promises To Give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that expected to be collected in future years are recorded at the present value of estimated future cash. The discounts on those amounts are computed using risk-adjusted rates. Amortization of the discount is recorded as an increase or decrease in contribution revenue. The allowance of uncollectible promises to give is determined based on management's analysis of historical experience, assessment of economic conditions, and review of subsequent collections. The allowance for uncollectible promises to give was $0 and $500 as of June 30, 2026 and 2025, respectively, and are included with promises to give on the consolidated statements of financial position.

Inventory and Food Valuation – Inventory consists of donated food and non-food items, purchased food, and United States Department of Agriculture ("USDA") commodities received from the government. Donated non-government products were valued at $1.92 and $1.90 per pound for the years ended June 30, 2026 and 2025, respectively. Donated government food was valued at $1.69 and $1.72 per pound for the years ended June 30, 2026 and 2025, respectively. This valuation is based on a cost study conducted by Feeding America, Inc., a national consortium of regional food banks. The value of food donated is recorded as a contribution. Food donated and food distributed appear on the consolidated statements of activities and changes in net assets. Contributed food was utilized for program services.

Purchased food is typically at a discounted rate that is significantly less than the above valuation rates by Feeding America, Inc. Purchased food is valued at the purchase price utilizing a first-in, first-out method. The cost of purchased food inventories was $1.10 and $1.19 per pound for the years ended June 30, 2026 and 2025, respectively.

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

Food commodities were received and distributed as follows, including food not fit for human consumption (in pounds) for the years ended June 30:

	2026	2025
Beginning inventory	$ 2,514,864	$ 2,725,783
Food received	116,283,407	126,170,364
Food distributed	(116,594,750)	(126,381,283)
Ending inventory	$ 2,203,521	$ 2,514,864

Property and Equipment – Property and equipment is stated at cost or, if acquired by gift, the fair market value at the date of the gift. Depreciation is provided on the straight-line methods, using estimated useful lives of 3 to 40 years. The cost of property and equipment retired or disposed of, and the related depreciation are eliminated from the accounts with the resulting gains and losses included in operations. The Organization capitalizes all property and equipment with a cost greater than $5,000. Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no indicators that impairment existed as of June 30, 2026 or 2025. Depreciation expense for property and equipment was $1,810,652 and $1,536,413 for the years ended June 30, 2026 and 2025, respectively.

Intangible Assets – Intangible assets consist of website development costs. The Company amortizes intangible assets with finite lives on a straight-line basis using estimated useful lives of 5 years. Intangible assets are reviewed annually for impairment or when events or circumstances indicate their carrying amount may not be recoverable. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flow be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment, and actual results may differ from assumed and estimated. No impairment loss was recorded during the years ended June 30, 2026 and 2025. Amortization expense for intangible assets was $0 for the years ended June 30, 2026 and 2025 as the website had not yet been completed.

Support and Revenues – Contributions received, including unconditional promises to give and donated food, materials, and services, are recognized as revenues in the period received at their estimated fair market value, less an appropriate allowance for uncollectible amounts. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions are substantially met.

Certain grant programs are recognized in revenues immediately in the period received while others are recognized in stages or as requests for reimbursements are approved by granting agencies with qualifying expenditures. These grants contain certain barriers that must be overcome by the grantee prior to disbursing the funds. Grant revenues are recognized, and the corresponding unearned income is reduced as the barriers are overcome by the grantee.

The Organization also derives a portion of their revenue through food purchase programs. Revenue is recognized upon satisfaction of performance obligations in an amount that reflects the consideration the Organization expects to receive in exchange for those goods. Revenue is recognized at a point in time when the food has been delivered to the end recipient.

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

Contributed Services – Numerous volunteers have contributed significant amounts of time to the Organization which have not been reflected in the accompanying consolidated statements of financial position as they did not meet the criteria for recognition as required by U.S. GAAP. The Organization estimates total volunteer hours to be 170,394 and 160,140 for the years ended June 30, 2026 and 2025, respectively.

Functional Expense – The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among program services, management and general, and fundraising. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Advertising and marketing	Direct costs to fundraising
Agency and community support	Direct costs to programs
Amortization expense	Based on asset type and location
Bank and credit card fees	Based on credit card payments received
Commercial freight	Direct costs to programs
Communications	Time and effort
Conferences and meetings	Actual costs allocated
Contract services	Time and effort
Depreciation	Based on asset type and location
Donated food and supplies distributed	Direct costs to programs
Employee benefits	Time and effort
Fundraising services	Direct costs to fundraising
Insurance	Based on estimated liability
Interest expense	Direct costs to management and general
Kitchen expense	Direct costs to programs
Miscellaneous	Time and effort
Occupancy	Direct costs to programs
Other	Direct costs to fundraising
Payroll taxes	Time and effort
Postage	Actual costs allocated
Professional fees	Direct costs to programs, remainder to management and general
Program expenses	Direct costs to programs
Provision for credit losses	Direct costs to program
Purchased food and supplies distributed	Direct costs to programs
Rental and equipment maintenance	Use/type of rental
Salaries	Time and effort
Supplies	Time and effort
Telephone and data	Time and effort
Temporary help	Time and effort
Travel	Time and effort
Trucking expense	Direct costs to programs
Value added processing and packaging	Direct costs to programs
Warehouse expense	Direct costs to programs

Advertising Costs – The Organization expenses advertising costs as incurred. These expenses are included on the "Advertising and Marketing" line on the consolidated statements of functional expenses.

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

Income Taxes – The Organization has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income tax under Section 501(a) as an organization described in Section(c)(3) of the Internal Revenue Code ("IRC").

U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken any uncertain position that more likely than not would be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2026 and 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to confirm with the presentation in the current-year financial statements. The reclassification separated out certain intangible assets in the amount of $132,936 that were previously included with deposits on the statements of financial position. The reclassification had no effect on net income, but increased cash flows from operations and decreased cash flows from investing activities by approximately $133,000.

Note 2—Concentrations of credit risk

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation for up to $250,000. At various times during the fiscal year, the Organization's cash balances have exceeded the federally insured limit. Uninsured cash balances as of June 30, 2026 and 2025 were $4,110,813 and $8,048,433, respectively.

The Organization has been a member of the Feeding America, Inc. national network of food banks since the 1980s and it is currently a member in good standing. It has contracted to serve 34 counties in central and eastern North Carolina by Feeding America, Inc. The Organization received 45% and 40% of its donated food for the years ended June 30, 2026 and 2025, respectively, through its relationship with Feeding America, Inc. Feeding America, Inc. also provides technical assistance and performs periodic audits of the food distribution operations of food banks.

Promises to give from significant donors for the years ended June 30 included the following:

	2026		2025	
	Pledges Receivable	Percentage of Promises to Give	Pledges Receivable	Percentage of Promises to Give
Donor A	*	*	$ 300,000	88%
Donor B	$ 500,000	30%	*	*
Donor C	1,000,000	60%	*	*
	$ 1,500,000	90%	$ 300,000	88%

* There was no concentration for this donor as of June 30.

There were no concentrations noted for contributions for each of the years ended June 30, 2026 and 2025.

A significant reduction in the level of this support or conditions causing the donor to be unable to fulfill the pledge may have a material and adverse effect on the Organization.

Note 3—Liquidity and availability of resources

As of June 30, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one-year of the statement of financial position date to meet general expenditures:

	2026	2025
Total assets at year-end	$ 128,088,251	$ 117,461,718
Less amounts not available to be used within one year due to illiquidity:		
Food inventories	(3,372,923)	(3,946,100)
Prepaid expenses	(447,290)	(345,993)
Property and equipment, net	(38,554,165)	(35,642,797)
Promises to give, net of current portion, allowance, and discount	(1,051,260)	(49,500)
Notes receivable	(8,770,000)	(8,770,000)
Operating lease right-of-use assets	(2,809,384)	(4,461,642)
Finance lease right-of-use assets	(1,312,025)	(1,675,144)
Deposits	(53,528)	(191,201)
	(56,370,575)	(55,082,377)
Less amounts not available to be used within one year:		
Contractual or donor imposed restrictions:		
Net assets with donor restrictions	(1,785,113)	(1,373,118)
Board/donor designations:		
Beneficial interest in assets held by others	(547,825)	(455,088)
Financial assets available to meet cash needs for general expenditures within one year	$ 69,384,738	$ 60,551,135

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of the Organization as well as the services undertaken to support those activities to be general expenditures.

Note 4—Fair value measurements

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 – Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Note 4—Fair value measurements (continued)

Following are descriptions of the valuation methodologies used for assets measured at fair value:

Fixed Income Securities – Value is based on quoted market prices, when available. Such investments consist primarily of government obligations. These instruments are classified as Level 1 in the fair value hierarchy.

Mutual Funds – Valued at the daily closing prices as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Beneficial Interest in Assets Held by Others – The fair value of beneficial interests in assets held by others, classified as Level 3, is measured based on the fair values of the underlying assets, which consist primarily of marketable debt and equity securities for which the Organization relies on fair value measurement calculations performed by third party pricing services, which are reported to them by the Triangle Community Foundation. Inputs include the credit risk of the issuer, maturity, current yield, and other terms and conditions of each instrument.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair as of June 30:

	2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed income securities	$ 47,770,569	$ -	$ -	$ 47,770,569
Mutual funds	16,046,407	-	-	16,046,407
Beneficial interest in assets held by others	-	-	547,825	547,825
Total assets in fair value hierarchy	$ 63,816,976	$ -	$ 547,825	$ 64,364,801

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed income securities	$ 36,343,664	$ -	$ -	$ 36,343,664
Mutual funds	13,948,740	-	-	13,948,740
Beneficial interest in assets held by others	-	-	455,088	455,088
Total assets in fair value hierarchy	$ 50,292,404	$ -	$ 455,088	$ 50,747,492

The table below sets forth a summary of changes in the fair value of the Organization's beneficial interest in assets held by others for the years ended June 30:

	2026	**2025**
Balance, beginning of year	$ 455,088	$ 132,134
Investment return, net	42,737	22,954
Contributions	50,000	300,000
Balance, end of year	$ 547,825	$ 455,088

Note 5—Accounts and grants receivable

Accounts receivable is summarized as follows as of June 30:

	2026	2025
Agency receivable	$ 216,244	$ 156,805
Allowance for credit losses	(41,700)	(41,800)
Prepaid health plans receivable	-	244,727
Sales tax refund receivable	78,214	118,312
Employee loans	9,001	-
Other receivable	566,570	462
	$ 828,329	$ 478,506

Grants receivable is summarized as follows as of June 30:

	2026	2025
Emergency food assistance receivable	$ 116,101	$ 831,545
Commodity credit corporation funds	-	96,011
Food nutrition services receivable	16,920	49,328
Kids summer meals receivable	281,776	90,431
Non-governmental grants	411,543	1,115,250
Special nutrition project for older adults	7,366	-
TEFAP Partner Agency Support	-	242,505
Commodity supplemental food receivable	156,222	153,022
	$ 989,928	$ 2,578,092

Note 6—Promises to Give

Promises to give, net of unamortized discount, are scheduled to be received as follows:

Years Ending June 30,	
2027	$ 433,000
2028	396,000
2029	146,000
2030	100,000
2031	100,000
Thereafter	500,000
	1,675,000
Less discount on pledges	(197,726)
	$ 1,477,274

To reflect the value of its long-term promises to give in today's dollars, the Organization used a discount rate ranging from 3.6-4.0% as of June 30, 2026.

Note 7—Contributed nonfinancial assets

The Organization received the following contributions of nonfinancial assets during the years ended June 30:

	2026	2025
Furniture and equipment	$ 155,928	$ 95,045
Donated event supplies and services	88,615	193,686
	$ 244,543	$ 288,731

The Organization receives donated furniture and equipment. The estimated fair value of donated furniture and equipment is based on information provided by third parties and independent agencies. Donated furniture and equipment are used for both program and supporting services. The Organization also receives various supplies and services to assist in events held. The estimated fair value of these donated supplies and services is based on information provided by third parties and independent agencies. Donated event supplies and services were utilized for program services.

The majority of food distributed by the Organization is received by contributions from the general public and USDA. The estimated value of these contributions is recognized in the consolidated financial statements as food donated and program expenses if distributed during the year. The pounds collected are recorded by the Organization at the time of receipt based on actual weight.

The total value of contributed food for the years ended June 30 are as follows:

	2026		
	Pounds	Value Per Pound	Amount
General donations	81,676,300	$ 1.92	$ 156,818,496
USDA	14,507,793	1.69	24,518,170
	96,184,093		$ 181,336,666

	2025		
	Pounds	Value Per Pound	Amount
General donations	88,338,635	$ 1.90	$ 167,843,407
USDA	20,722,241	1.72	35,642,254
	109,060,876		$ 203,485,661

Note 8—Triangle Community Foundation

The Organization established two endowed agency funds at the Triangle Community Foundation in October 2014 and February 2025 and specified itself as the beneficiary of the funds.

For the fund established in October 2014, distributions from the funds are paid to the Organization according to the Triangle Community Foundation's distribution policy. The investments are directed by Triangle Community Foundation, and the portfolios are designed to achieve returns consistent with Triangle Community Foundation's adopted investment policies. Investments cannot be redeemed at the current net asset value per share. The Organization is only the beneficiary of the investment earnings, which are distributed in accordance with Triangle Community Foundation's spending policy. Based on the valuation method, the measures of the fair value of the beneficial interest are classified as Level 3 (see Note 4).

For the fund established in February 2025, distributions from the funds are paid to the Organization in accordance with the stated agreement between the Organization and the Triangle Community Foundation. While distributions occur every year, the Organization has the authority to request distributions from the fund and liquidate the fund if necessary. The investments are directed by Triangle Community Foundation in accordance with the stated agreement and the portfolios are designed to achieve returns consistent with Triangle Community Foundation's adopted investment policies. Investments cannot be redeemed at the current net asset value per share. The Organization is only the beneficiary of the investment earnings. Based on the valuation method, the measures of the fair value of the beneficial interest are classified as Level 3 (see Note 4).

Triangle Community Foundation maintains variance power over these assets for each of these funds. Variance power assures donors that, if the charitable purpose of their contribution becomes impractical, impossible, or inconsistent with the charitable needs of the community served, the distributions will be directed to similar purposes in the community. Despite the variance power, the Organization believes Triangle Community Foundation will continue to make distributions to the Organization.

Note 9—Net assets

Net assets with donor restrictions as of June 30 are as follows:

	2026	2025
General operations	$ 532,000	$ 760,325
Agency capacity	36,107	397,322
Beneficial interest in community fund	166,689	150,865
Kids meals and more	64,789	53,441
Programs	-	11,165
Community health and engagement	108,384	-
Communications	150,000	-
Community Impact	695,144	-
Organization and development	32,000	-
	$ 1,785,113	$ 1,373,118

Net assets without donor restrictions for the years ended June 30, 2026 and 2025 are $106,361,521 and $95,717,153, respectively.

Note 9—Net assets (continued)

Net assets released from net assets with donor restrictions as of June 30 are as follows:

	2026	2025
General operations	$ 576,325	$ 389,888
Agency capacity	419,143	283,328
Kids meals and more	132,817	158,280
Programs	115,000	112,252
Food and nutrition service	-	77,411
Community health and engagement	450,116	41,426
Technology	-	29,245
Food procurement	1,958,000	-
Communications	7,000	-
Community Impact	319,541	-
Organization and development	25,450	-
	$ 4,003,392	$ 1,091,830

Note 10—Retirement plan

The Organization has a defined contribution retirement plan covering all employees who meet minimum age and service requirements. Retirement plan expense is included in employee benefits on the consolidated statements of functional expenses. The expense related to this plan was $756,224 and $815,077 for the years ended June 30, 2026 and 2025, respectively.

Note 11—Leases

The right-of-use (“ROU”) assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses are factored into the determination of the lease term if it is reasonably certain these options would be exercised by the Organization. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Organization uses the implicit rate when it is readily determinable. The Organization has elected to utilize the risk-free discount rate to calculate lease assets and liabilities when the leases do not provide an implicit interest rate.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization does not have leases where it is involved with the construction or design of an underlying asset. The Organization has no material obligation for leases signed but not yet commenced as of June 30, 2026. The Organization does not have any material sublease activities.

The Organization has elected the practical expedient not to recognize leases with terms of 12 months or less on the consolidated statements of financial position and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, the Organization’s short-term lease expense for the period does not reflect the ongoing short-term lease commitments. Lease expense for such short-term leases was not significant for the years ended June 30, 2026 and 2025.

Note 11—Leases (continued)

Lease expense for the years ended June 30 are as follows:

	2026	2025
Finance lease expense:		
Amortization of right-of-use assets	$ 602,309	$ 546,503
Interest on lease liabilities	50,714	61,162
Operating lease expense	717,111	292,615
	$ 1,370,134	$ 900,280

Operating Lease – The Organization leases certain buildings with unrelated parties. The Organization determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration.

Future minimum lease payments as of June 30, 2026 is as follows:

Years Ending June 30,	
2027	$ 619,315
2028	634,165
2029	656,361
2030	679,334
2031	703,110
Thereafter	1,041,548
Total undiscounted cash flows	4,333,833
Less present value discount	(547,585)
Present value of operating leases	$ 3,786,248

Required supplemental information relating to the Organization's operating leases for the years ended June 30 are as follows:

	2026	2025
Lease term and discount rate:		
Weighted average remaining lease term (in years) - operating leases	6.41	7.27
Weighted average discount rate - operating leases	4.22%	4.22%

Cash paid for amounts included in the measurement of operating and finance lease liabilities was $1,319,420 and $819,559 during the years ended June 30, 2026 and 2025, respectively.

Finance Lease – The Organization has finance leases for equipment and vehicles.

Note 11—Leases (continued)

Future minimum lease payments as of June 30, 2026 is as follows:

Years Ending June 30,	
2027	$ 455,551
2028	382,605
2029	278,314
2030	115,086
2031	44,161
Thereafter	69,144
Total undiscounted cash flows	1,344,861
Less present value discount	(92,595)
Present value of finance leases	$ 1,252,266

Required supplemental information relating to the Organization's finance leases for the years ended June 30 are as follows:

	2026	**2025**
Lease term and discount rate:		
Weighted average remaining lease term (in years) - financing leases	3.65	3.62
Weighted average discount rate - finance leases	3.94%	3.87%

The accompanying consolidating financial statements presented as supplementary information to the consolidated financial statements have been prepared for the purpose of supporting the consolidated financial statements. In the consolidating financial statements, the Organization elected to not present the ROU assets and the associated lease liabilities for all leases with related parties that are consolidated in the financial statements. These assets and liabilities would have been eliminated in the consolidating financial statements and, therefore, management elected to omit these balances from the consolidating financial statements. Any income and expense activity related to these leases is presented and appropriately eliminated for the consolidated financial statement presentation.

Note 12—New Markets Tax Credit and related notes receivable and notes payable

In March 2023, the Food Bank and the Affiliate entered into a New Markets Tax Credit ("NMTC") financing transaction to fund a portion of the cost of construction of the 32,000 square foot addition to construct a new food distribution facility in Wilmington, North Carolina. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the "Act") and is intended to induce capital investment in qualified low-income communities. The Act permits taxpayers to claim credits against their federal income taxes for up to 39% of qualified investments in the equity of Community Development Entities ("CDE"). A CDE is a privately managed investment institution that is certified to make qualified low-income community investments ("QLICI") loans. The NMTC structure includes the Food Bank and Affiliate (through the Food Bank of Central & Eastern North Carolina, Inc.) as a leverage lender, and the tax credit investor is Regions Community Investments, LLC, an entity formed for purposes of this transaction by Regions Bank, N.A.

Note 12—New Markets Tax Credit and related notes receivable and notes payable (continued)

In March 2023, Regions Community Investments, LLC made a $3,948,750 capital contribution to CENC Wilmington Investment Fund, LLC, a qualified equity investment fund. At the same time, the Food Bank made a $8,770,000 leverage loan to the same investment fund. In turn CENC Wilmington Investment Fund, LLC made a $12,500,000 capital contribution to RDP 47, LLC (Sub-CDE I), recognized as a qualified community development entity (noted above), or Sub-CDE in this structure. After deducting certain fees associated with the transaction, two QLICI loans were issued to the Affiliate for a combined total of $12,250,000. In this structure, the Affiliate is designated as a qualified active low-income community benefit entity.

The NMTC is subject to 100% recapture for a period of seven years as provided in the IRC. The Food Bank and the Affiliate are required to be in compliance with various regulations and contractual provisions that apply to the NMTC arrangement. Non-compliance with applicable requirements could result in projected tax benefits not being realized and, therefore, could require the Food Bank and Affiliate to indemnify the investors for any loss or recapture of NMTCs related to the financing until such time as the Food Bank and Affiliate obligation to deliver tax benefits is relieved. The Food Bank and the Affiliate do not anticipate any credit recaptures in connection with this arrangement. This transaction includes a put/call provision that becomes effective at the end of the seven-year compliance/recapture period. Under the put/call provision, the Food Bank and the Affiliate may be obligated or entitled to purchase the investor's interest in CENC Wilmington Investment Fund, LLC. The Food Bank and the Affiliate believe the investors will exercise the put option in December 2030 at the end of the compliance/recapture period. The value attributed to the put/call provision is de minimis.

On March 8, 2023, the Food Bank entered into a note receivable agreement with CENC Wilmington Investment Fund totaling $8,770,000 to finance the construction of the food distribution center. The loan bears an interest rate of 1.33% with a maturity date of December 31, 2061. The Food Bank is due interest-only payments quarterly through June 5, 2030. After this period, the Food Bank is due quarterly principal and interest payments of $68,625 from September 5, 2030 to June 5, 2045. From September 5, 2045 to December 5, 2061, the Food Bank is due payments of $104,005 quarterly.

On March 8, 2023, the Affiliate entered into two loan agreements with RDP 47, LLC (Loans A and B) totaling $12,250,000 to finance the construction of the food distribution center. The loans bear an interest rate of 1.33% with a maturity date of December 31, 2061. The Affiliate will make interest-only payments quarterly through June 5, 2030. After this period, the Affiliate will make quarterly principal and interest payments of $95,856 from September 5, 2030 to June 5, 2045. From September 5, 2045 to December 5, 2061, the Affiliate will make payments of $145,275 quarterly. Notes payable are shown net of unamortized debt issuance costs of $280,940 and $357,548 as of June 30, 2026 and 2025, respectively.

Note 13—Related party

The Organization had $103,931 and $98,632 in contribution revenue from board members during the years ended June 30, 2026 and 2025, respectively.

Additionally, Feeding Wilmington leases warehouse space to the Food Bank starting in June 2024. The Food Bank paid Feeding Wilmington $105,000 for rent during the years ended June 30, 2026 and 2025.

Note 14—Subsequent events

The Organization has evaluated subsequent events occurring after the consolidated statement of financial position date of June 30, 2026 through October 9, 2026, which is the date the consolidated financial statements were available to be issued and has determined that no subsequent events have occurred which require disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2026

	Food Bank	Feeding Wilmington	Eliminations	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 4,497,245	$ 368,098	$ -	$ 4,865,343
Accounts receivable, net	828,329	-	-	828,329
Promises to give, current	426,014	-	-	426,014
Grants receivable	989,928	-	-	989,928
Food inventories	3,372,923	-	-	3,372,923
Prepaid expenses	447,290	-	-	447,290
Total Current Assets	10,561,729	368,098	-	10,929,827
Property and Equipment:				
Buildings	21,526,787	11,801,696	-	33,328,483
Land	4,022,014	378,361	-	4,400,375
Fleet	3,986,933	-	-	3,986,933
Furniture and equipment	2,104,593	-	-	2,104,593
Leasehold improvements	4,529,630	-	-	4,529,630
Total Property and Equipment	36,169,957	12,180,057	-	48,350,014
Less accumulated depreciation	8,889,066	906,783	-	9,795,849
Property and Equipment, Net	27,280,891	11,273,274	-	38,554,165
Operating lease right-of-use assets, net	2,809,384	-	-	2,809,384
Finance lease right-of-use assets, net	1,312,025	-	-	1,312,025
Promises to give, net of current portion, allowance, and discount	1,051,260	-	-	1,051,260
Notes receivable	8,770,000	-	-	8,770,000
Beneficial interest in assets held by others	547,825	-	-	547,825
Investments	63,816,976	-	-	63,816,976
Investment in Affiliate	928,453	-	(928,453)	-
Intangible asset	243,261	-	-	243,261
Deposits	53,528	-	-	53,528
Total Assets	$ 117,375,332	$ 11,641,372	$ (928,453)	$ 128,088,251

See Report of Independent Auditor.

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2026

	Food Bank	Feeding Wilmington	Eliminations	Total
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 869,925	$ -	$ -	$ 869,925
Accrued expenses:				
Accrued retirement payable	169,791	-	-	169,791
Accrued vacation payable	746,378	-	-	746,378
Accrued salaries and payroll taxes	558,937	-	-	558,937
Other accrued expense	255,903	-	-	255,903
Operating lease liabilities, current	470,880	-	-	470,880
Finance lease liabilities, current	414,633	-	-	414,633
Unearned income	333,109	-	-	333,109
Total Current Liabilities	3,819,556	-	-	3,819,556
Note payable, net of debt issuance costs	-	11,969,060	-	11,969,060
Operating lease liabilities, net of current portion	3,315,368	-	-	3,315,368
Finance lease liabilities, net of current portion	837,633	-	-	837,633
Total Liabilities	7,972,557	11,969,060	-	19,941,617
Net Assets:				
Without donor restrictions	107,617,662	(327,688)	(928,453)	106,361,521
With donor restrictions	1,785,113	-	-	1,785,113
Total Net Assets	109,402,775	(327,688)	(928,453)	108,146,634
Total Liabilities and Net Assets	$ 117,375,332	$ 11,641,372	$ (928,453)	$ 128,088,251

See Report of Independent Auditor.

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

	Food Bank	Feeding Wilmington	Eliminations	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 7,849,123	$ 436,497	$ -	$ 8,285,620
Accounts receivable, net	478,506	-	-	478,506
Promises to give, current	289,631	-	-	289,631
Grants receivable	2,578,092	-	-	2,578,092
Food inventories	3,946,100	-	-	3,946,100
Prepaid expenses	345,993	-	-	345,993
Total Current Assets	15,487,445	436,497	-	15,923,942
Property and Equipment:				
Buildings	19,662,911	11,801,696	-	31,464,607
Construction-in-process	1,433,987	-	-	1,433,987
Land	3,799,335	378,361	-	4,177,696
Fleet	3,935,408	-	-	3,935,408
Furniture and equipment	2,056,885	-	-	2,056,885
Leasehold improvements	744,931	-	-	744,931
Total Property and Equipment	31,633,457	12,180,057	-	43,813,514
Less accumulated depreciation	7,558,976	611,741	-	8,170,717
Property and Equipment, Net	24,074,481	11,568,316	-	35,642,797
Operating lease right-of-use assets, net	4,461,642	-	-	4,461,642
Finance lease right-of-use assets, net	1,675,144	-	-	1,675,144
Promises to give, net of current portion and allowance	49,500	-	-	49,500
Notes receivable	8,770,000	-	-	8,770,000
Beneficial interest in assets held by others	455,088	-	-	455,088
Investments	50,292,404	-	-	50,292,404
Investment in Affiliate	928,453	-	(928,453)	-
Deposits	191,201	-	-	191,201
Total Assets	$ 106,385,358	$ 12,004,813	$ (928,453)	$ 117,461,718

See Report of Independent Auditor.

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2025

	Food Bank	Feeding Wilmington	Eliminations	Total
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 741,867	$ -	$ -	$ 741,867
Accrued expenses:				
Accrued retirement payable	194,495	-	-	194,495
Accrued vacation payable	647,949	-	-	647,949
Accrued salaries and payroll taxes	500,818	-	-	500,818
Other accrued expense	179,907	-	-	179,907
Operating lease liabilities, current	1,017,245	-	-	1,017,245
Finance lease liabilities, current	568,777	-	-	568,777
Unearned income	180,996	-	-	180,996
Total Current Liabilities	4,032,054	-	-	4,032,054
Note payable, net of debt issuance costs	-	11,892,452	-	11,892,452
Operating lease liabilities, net of current portion	3,476,906	-	-	3,476,906
Finance lease liabilities, net of current portion	970,035	-	-	970,035
Total Liabilities	8,478,995	11,892,452	-	20,371,447
Net Assets:				
Without donor restrictions	96,533,245	112,361	(928,453)	95,717,153
With donor restrictions	1,373,118	-	-	1,373,118
Total Net Assets	97,906,363	112,361	(928,453)	97,090,271
Total Liabilities and Net Assets	$ 106,385,358	$ 12,004,813	$ (928,453)	$ 117,461,718

See Report of Independent Auditor.

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2026

	Food Bank			Feeding Wilmington				Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:										
Food donated	$ 181,336,666	$ -	$ 181,336,666	$ -	$ -	$ -	$ -	$ 181,336,666	$ -	$ 181,336,666
Food purchase programs	3,023,995	-	3,023,995	-	-	-	-	3,023,995	-	3,023,995
Contributions	35,200,861	4,415,387	39,616,248	-	-	-	-	35,200,861	4,415,387	39,616,248
Governmental grant awards	7,548,783	-	7,548,783	-	-	-	-	7,548,783	-	7,548,783
Materials and services donated	244,543	-	244,543	-	-	-	-	244,543	-	244,543
Net investment return	4,803,069	-	4,803,069	-	-	-	-	4,803,069	-	4,803,069
Other	58,381	-	58,381	-	-	-	-	58,381	-	58,381
Intercompany lease revenue	-	-	-	105,000	-	105,000	(105,000)	-	-	-
Loss on disposal of property and equipment	(607,957)	-	(607,957)	-	-	-	-	(607,957)	-	(607,957)
Total Support and Revenues	231,608,341	4,415,387	236,023,728	105,000	-	105,000	(105,000)	231,608,341	4,415,387	236,023,728
Net assets released from restrictions	4,003,392	(4,003,392)	-	-	-	-	-	4,003,392	(4,003,392)	-
Total Support, Revenues, and Reclassifications	235,611,733	411,995	236,023,728	105,000	-	105,000	(105,000)	235,611,733	411,995	236,023,728
Expenses:										
Program Services:										
Community programs	214,622,869	-	214,622,869	295,042	-	295,042	-	214,917,911	-	214,917,911
Supporting Services:										
Management and general	4,512,594	-	4,512,594	250,007	-	250,007	(105,000)	4,657,601	-	4,657,601
Fundraising	5,391,853	-	5,391,853	-	-	-	-	5,391,853	-	5,391,853
Total Expenses	224,527,316	-	224,527,316	545,049	-	545,049	(105,000)	224,967,365	-	224,967,365
Change in net assets	11,084,417	411,995	11,496,412	(440,049)	-	(440,049)	-	10,644,368	411,995	11,056,363
Net assets, beginning of year	96,533,245	1,373,118	97,906,363	112,361	-	112,361	(928,453)	95,717,153	1,373,118	97,090,271
Net assets, end of year	$ 107,617,662	$ 1,785,113	$ 109,402,775	$ (327,688)	$ -	$ (327,688)	$ (928,453)	$ 106,361,521	$ 1,785,113	$ 108,146,634

See Report of Independent Auditor.

FOOD BANK OF CENTRAL & EASTERN NORTH CAROLINA, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2025

	Food Bank			Feeding Wilmington				Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:										
Food donated	$ 203,485,661	$ -	$ 203,485,661	$ -	$ -	$ -	$ -	$ 203,485,661	$ -	$ 203,485,661
Food purchase programs	1,823,801	-	1,823,801	-	-	-	-	1,823,801	-	1,823,801
Contributions	26,918,099	1,156,347	28,074,446	8,076	-	8,076	(8,076)	26,918,099	1,156,347	28,074,446
Governmental grant awards	11,207,947	-	11,207,947	-	-	-	-	11,207,947	-	11,207,947
Materials and services donated	288,731	-	288,731	-	-	-	-	288,731	-	288,731
Net investment return	4,110,179	-	4,110,179	-	-	-	-	4,110,179	-	4,110,179
Other	69,283	-	69,283	-	-	-	-	69,283	-	69,283
Intercompany lease revenue	-	-	-	105,000	-	105,000	(105,000)	-	-	-
Loss on disposal of property and equipment	(76,781)	-	(76,781)	-	-	-	-	(76,781)	-	(76,781)
Total Support and Revenues	247,826,920	1,156,347	248,983,267	113,076	-	113,076	(113,076)	247,826,920	1,156,347	248,983,267
Net assets released from restrictions	1,091,830	(1,091,830)	-	-	-	-	-	1,091,830	(1,091,830)	-
Total Support, Revenues, and Reclassifications	248,918,750	64,517	248,983,267	113,076	-	113,076	(113,076)	248,918,750	64,517	248,983,267
Expenses:										
Program Services:										
Community programs	238,777,701	-	238,777,701	285,247	-	285,247	-	239,062,948	-	239,062,948
Supporting Services:										
Management and general	4,682,662	-	4,682,662	254,888	-	254,888	(105,000)	4,832,550	-	4,832,550
Fundraising	5,858,377	-	5,858,377	4,864	-	4,864	-	5,863,241	-	5,863,241
Total Expenses	249,318,740	-	249,318,740	544,999	-	544,999	(105,000)	249,758,739	-	249,758,739
Change in net assets	(399,990)	64,517	(335,473)	(431,923)	-	(431,923)	(8,076)	(839,989)	64,517	(775,472)
Net assets, beginning of year	96,933,235	1,308,601	98,241,836	544,284	-	544,284	(920,377)	96,557,142	1,308,601	97,865,743
Net assets, end of year	$ 96,533,245	$ 1,373,118	$ 97,906,363	$ 112,361	$ -	$ 112,361	$ (928,453)	$ 95,717,153	$ 1,373,118	$ 97,090,271

See Report of Independent Auditor.

COMPLIANCE REPORTING

Cherry Bekaert LLP
Your Guide Forward

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

To the Board of Directors
Food Bank of Central & Eastern North Carolina, Inc. and Affiliate
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying consolidated financial statements of the Food Bank of Central & Eastern North Carolina, Inc. and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2026, and the related consolidated statements of activities and changes in net assets, 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 October 9, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatements of the Organization's consolidated 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, significant deficiencies or material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
October 9, 2026