Akron-Canton Regional Foodbank, Inc. and Affiliates

Consolidated Financial Statements
December 31, 2025 and 2024

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AKRON-CANTON REGIONAL FOODBANK, INC. AND AFFILIATES

DECEMBER 31, 2025 AND 2024

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Independent Auditor's Report

To the Boards of Trustees of the
Akron-Canton Regional Foodbank, Inc. and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Akron-Canton Regional Foodbank, Inc. and Affiliates (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Akron-Canton Regional Foodbank, Inc. and Affiliates as of December 31, 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 and the standards applicable to financial statements contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Akron-Canton Regional Foodbank, Inc. and Affiliates 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 consolidated 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 Akron-Canton Regional Foodbank, Inc. and Affiliates' ability to continue as a going concern within 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 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 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 Akron-Canton Regional Foodbank, Inc. and Affiliates' 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 Akron-Canton Regional Foodbank, Inc. and Affiliates' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our 2025 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the consolidated financial statements. In addition, the consolidating statement of financial position, consolidating statement of activities, and consolidating statement of cash flows are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The supplementary 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 audits 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 consolidating statement of financial position, consolidating statement of activities, consolidating statement of cash flows, and schedule of expenditures of federal 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 May 29, 2026, on our consideration of the Akron-Canton Regional Foodbank, Inc. and Affiliates' 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 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 Akron-Canton Regional Foodbank, Inc. and Affiliates' 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 the Akron-Canton Regional Foodbank, Inc. and Affiliates' internal control over financial reporting and compliance.

Cohen & Company Ltd.

Akron, Ohio
May 29, 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
ASSETS		
Cash and cash equivalents	$ 16,035,143	$ 16,197,359
Accounts receivable	163,111	325,110
Grants receivable	656,920	438,221
Pledges receivable - Net	363,500	325,592
Prepaid expenses	45,082	249,344
Inventory	4,042,924	3,289,669
Investments	14,266,082	8,277,070
Leverage loan receivable	4,530,750	4,530,750
Land, building, and equipment - Net	18,511,615	18,930,583
Operating lease right-of-use assets	698,935	691,284
TOTAL ASSETS	$ 59,314,062	$ 53,254,982
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 232,479	$ 315,822
Accrued expenses	791,005	966,270
Refundable advances	459,466	213,449
Operating lease liabilities	698,935	681,914
Long-term debt - Net	6,925,982	6,909,482
Total liabilities	9,107,867	9,086,937
NET ASSETS		
Without donor restrictions	42,157,701	37,249,213
With donor restrictions	8,048,494	6,918,832
Total net assets	50,206,195	44,168,045
TOTAL LIABILITIES AND NET ASSETS	$ 59,314,062	$ 53,254,982

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT AND REVENUE			
PUBLIC SUPPORT			
Grants	$ 1,634,384	$ 335,977	$ 1,970,361
Distribution fees	1,331,538	-	1,331,538
Donated food - Net	55,282,782	-	55,282,782
Contributions	14,959,824	2,447,488	17,407,312
Total public support	73,208,528	2,783,465	75,991,993
REVENUE			
Shared maintenance	1,115,489	-	1,115,489
Agency delivery fees and freight	78,525	-	78,525
Investment return - Net	703,067	672,689	1,375,756
Interest income	71,740	-	71,740
Miscellaneous income	22,514	-	22,514
Net assets released from restrictions	2,326,492	(2,326,492)	-
Total revenue	4,317,827	(1,653,803)	2,664,024
TOTAL PUBLIC SUPPORT AND REVENUE	77,526,355	1,129,662	78,656,017
EXPENSES			
Program services	67,248,841	-	67,248,841
Supporting services			
Management and general	2,638,578	-	2,638,578
Fundraising expenses	2,730,448	-	2,730,448
Total expenses	72,617,867	-	72,617,867
CHANGE IN NET ASSETS	4,908,488	1,129,662	6,038,150
NET ASSETS - BEGINNING OF YEAR	37,249,213	6,918,832	44,168,045
NET ASSETS - END OF YEAR	$ 42,157,701	$ 8,048,494	$ 50,206,195

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT AND REVENUE			
PUBLIC SUPPORT			
Grants	$ 2,042,578	$ -	$ 2,042,578
Distribution fees	1,164,409	-	1,164,409
Donated food - Net	48,372,824	-	48,372,824
Contributions	9,675,504	3,200,107	12,875,611
Capital campaign contributions	-	220,000	220,000
Total public support	61,255,315	3,420,107	64,675,422
REVENUE			
Shared maintenance	1,240,942	-	1,240,942
Agency delivery fees and freight	69,250	-	69,250
Investment return - Net	499,121	525,463	1,024,584
Interest income	71,740	-	71,740
Miscellaneous income	184,739	-	184,739
Net assets released from restrictions	1,320,446	(1,320,446)	-
Total revenue	3,386,238	(794,983)	2,591,255
TOTAL PUBLIC SUPPORT AND REVENUE	64,641,553	2,625,124	67,266,677
EXPENSES			
Program services	59,515,634	-	59,515,634
Supporting services			
Management and general	2,369,723	-	2,369,723
Fundraising expenses	2,978,703	-	2,978,703
Total expenses	64,864,060	-	64,864,060
CHANGE IN NET ASSETS	(222,507)	2,625,124	2,402,617
NET ASSETS - BEGINNING OF YEAR	37,471,720	4,293,708	41,765,428
NET ASSETS - END OF YEAR	$ 37,249,213	$ 6,918,832	$ 44,168,045

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Donated food distributed	$ 54,458,331	$ -	$ -	$ 54,458,331
Salaries and wages	3,868,669	1,292,869	1,401,750	6,563,288
Grants and purchased food distributed	3,793,033	-	-	3,793,033
Employee benefits and payroll taxes	952,103	313,187	377,977	1,643,267
Repairs, maintenance, and equipment fees	660,239	17,411	126,437	804,087
Direct mail and other solicitations	-	-	816,402	816,402
Freight and transportation	876,599	-	-	876,599
Technology	274,090	39,521	-	313,611
Utilities	300,885	25,973	-	326,858
Professional services	-	258,919	-	258,919
Supplies	187,861	352	-	188,213
Bank fees	-	163,725	-	163,725
Insurance	87,126	71,113	-	158,239
Public relations	2,565	128,455	7,882	138,902
Contract labor	122,136	-	-	122,136
Interest	-	71,749	-	71,749
Network and association fees	47,915	-	-	47,915
Miscellaneous	439,369	120,734	-	560,103
	66,070,921	2,504,008	2,730,448	71,305,377
Depreciation and amortization	1,177,920	134,570	-	1,312,490
TOTAL EXPENSES	$ 67,248,841	$ 2,638,578	$ 2,730,448	$ 72,617,867

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Donated food distributed	$ 49,271,144	$ -	$ -	$ 49,271,144
Salaries and wages	3,588,386	1,170,939	1,583,906	6,343,231
Grants and purchased food distributed	1,972,161	-	-	1,972,161
Employee benefits and payroll taxes	1,045,668	277,204	391,774	1,714,646
Repairs, maintenance, and equipment fees	737,717	18,208	117,761	873,686
Direct mail and other solicitations	-	-	851,563	851,563
Freight and transportation	445,347	-	-	445,347
Technology	284,769	53,609	-	338,378
Utilities	251,561	14,057	-	265,618
Professional services	-	237,624	16,669	254,293
Supplies	221,469	1,886	7,533	230,888
Insurance	99,738	56,948	-	156,686
Public relations	2,789	131,983	9,497	144,269
Bank fees	-	114,899	-	114,899
Contract labor	85,442	-	-	85,442
Interest	-	71,750	-	71,750
Network and association fees	47,905	-	-	47,905
Miscellaneous	389,159	117,485	-	506,644
	58,443,255	2,266,592	2,978,703	63,688,550
Depreciation and amortization	1,072,379	103,131	-	1,175,510
TOTAL EXPENSES	$ 59,515,634	$ 2,369,723	$ 2,978,703	$ 64,864,060

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,038,150	$ 2,402,617
Noncash items included in operations:		
Depreciation and amortization	1,312,490	1,175,510
Unrealized gains on investments	(518,113)	(555,168)
Realized gains on investments	(399,551)	(152,404)
Amortization of debt issuance costs	16,500	16,500
Operating lease expense	208,239	200,392
Change in donated inventory	(824,451)	898,319
Change in discount on pledges receivable	(22,488)	(39,052)
Increase (decrease) in cash caused by change in operating items:		
Accounts receivable	161,999	(195,653)
Grants receivable	(218,699)	393,693
Pledges receivable	(15,420)	441,809
Prepaid expenses	204,262	(224,674)
Inventory	71,196	55,303
Accounts payable	(83,343)	(296,504)
Accrued expenses	(175,265)	(110,817)
Refundable advances	246,017	(352,192)
Operating lease liabilities	(198,869)	(203,516)
Net cash flow provided from operations	5,802,654	3,454,163
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of investments	(8,484,717)	(2,252,514)
Proceeds from sale of investments	3,413,369	959,093
Capital expenditures	(893,522)	(518,598)
	(5,964,870)	(1,812,019)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(162,216)	1,642,144
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	16,197,359	14,555,215
CASH AND CASH EQUIVALENTS	$ 16,035,143	$ 16,197,359
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 71,749	$ 71,750
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 233,804	$ 218,273
NONCASH INVESTING AND FINANCING ACTIVITY		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 215,890	$ 188,820

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Akron-Canton Regional Foodbank, Inc. (the Foodbank), the Akron-Canton Regional Foodbank Endowment (Endowment), and 1365 Cherry LLC (Cherry) (collectively, the Organization). All significant intercompany transactions have been eliminated from the consolidated amounts.

The Foodbank is a nonprofit organization which primarily collects donations of surplus food and related items and then distributes them to eligible charities and food programs. The Endowment, a nonprofit organization, was established in 1999, with the purpose of receiving and maintaining funds to support the Foodbank. The Foodbank holds the investments of Endowment and has the ability to direct or manage its relevant activities. Cherry, a single-member domestic nonprofit limited liability company, was established in 2020, whose sole member is Endowment. The purpose of Cherry is to hold the assets of the Foodbank's new Stark County warehouse distribution facility.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

Management uses estimates and assumptions in preparing its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used, and such differences may be material.

Receivables and Allowance for Credit Losses

The Organization provides surplus food and related items to many organizations, the majority of which are charities and food programs in northeastern Ohio. Since the Organization's trade receivables are largely similar, the Organization evaluates its allowance for credit losses as one portfolio segment. Accounts receivable are uncollateralized customer obligations due under normal trade terms. Accounts receivable are stated at amounts billed to the customer. At January 1, 2024, accounts receivable amounted to $129,457.

At each consolidated statement of financial position date, the Organization recognizes an expected allowance for credit losses with respect to accounts receivable. This estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The allowance estimate is derived from a review of the Organization's historical losses based on aging of receivables. This estimate is calculated on a pooled basis where similar risk characteristics exist. Accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible. Based on the Organization's evaluation it was determined that the allowance of credit losses with respect to accounts receivable was not significant as of December 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Allowance for Credit Losses (continued)

The allowance estimate for accounts receivables is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's portfolio segment has remained consistent since the Organization's inception.

The Organization has elected to early adopt Accounting Standards Update 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The Organization has elected the practical expedient to assume that current conditions as of the consolidated statement of financial position date do not change for the remaining life of the accounts receivable and leveraged loan receivable. The Organization has also elected to apply the subsequent collection policy election by considering collection activity through the date the consolidated financial statements are available to be issued, when estimating expected credit losses for these assets.

The leveraged loan receivable represents amounts due in conjunction with the New Markets Tax Credit transaction (see Note 7). Loan receivables that management has the intent and ability to hold for the foreseeable future are reported at amortized cost, which is generally the amount of unpaid principal, reduced by an allowance. Loans are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection is doubtful. Loans are evaluated for impairment individually. Management monitors the credit quality of the leveraged loan through periodic review of the borrower's financial information and compliance with contractual terms. As of December 31, 2025 and 2024, the Organization had no allowance for loan receivables.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or as an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. The total amount of write-offs was not significant to the consolidated financial statements as a whole for the years ended December 31, 2025 and 2024.

Grants Receivable

Grants receivable include funds due from various funding sources. These amounts are stated at the amount management expects to collect from balances outstanding at year end. The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. In the opinion of management, there was no allowance necessary at December 31, 2025 and 2024. All balances are expected to be collected within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Long-term pledges receivable are recorded at the present value of future cash flows using a risk-adjusted interest rate. Pledges receivable are recorded at the amount management expects to collect on balances outstanding at year end.

Revenue Recognition

Revenue from Exchange Transactions

The Organization's revenue from exchange transactions consists of shared maintenance fees. The accompanying consolidated statement of activities shows those disaggregated revenue streams for the years ended December 31, 2025 and 2024. Accounts receivable from exchange transactions are included in accounts receivable on the consolidated statement of financial position.

The Organization provides food distribution to member agencies and charges a per pound fee on certain donated food distributed to them. The shared maintenance fees vary based on the types of food distributed. The performance obligation is the transfer of the food to the member agency. The transaction price is established by the Organization. The Organization recognizes revenue as the member agency takes possession of the food; payment is either immediate and/or invoiced by the Organization and generally paid within 30 days of the invoice.

Contribution Revenue

The Organization receives contributions and records as without donor restrictions or with donor restrictions support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Certain contributions received by the Organization contain donor-imposed conditions that include measurable performance barriers and a right of return or release of obligation if such conditions are not met. These conditions generally require the Organization to incur qualifying expenses, achieve specified programmatic outcomes, or satisfy other measurable performance requirements. Conditional contributions are recognized as revenue only when the applicable conditions have been substantially met or waived. Cash received in advance of meeting these conditions is recorded as a refundable advance. As of December 31, 2025 and 2024, refundable advances related to conditional contributions amounted to $459,466 and $213,449, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

Contribution Revenue (continued)

The Organization receives reimbursement for a portion of the costs incurred to distribute U.S. Department of Agriculture (USDA) food commodities received from the USDA and costs incurred to distribute food commodities received through the Ohio Food Purchase and Agricultural Clearance Program (OAF). The Organization recognizes these contributions when the costs are incurred as this is when related conditions are met. All income recorded in this category is considered to be non-exchange and therefore, follow contribution guidance. Conditional grants awarded but not yet recognized as of December 31, 2025 and 2024, are insignificant.

Endowment contributions and related investments are restricted by the donor and recorded in net assets with donor restrictions. Investment earnings are recorded in net assets with donor restrictions and are released from restrictions when those amounts are appropriated for expenditure by the Organization.

Donated Food

The Organization recognizes contributions of food from various sources when the commodities are received as without donor restrictions support. Donated food contributions from government and state government programs are valued at fair value based on food prices provided by the USDA, and which reflects the average cost per pound provided by the USDA at the time the food is donated and agreed with by the Organization. Food donated through private donors are valued using the average per pound wholesale value that would be received for selling similar products in the United States for each food category, as determined by the Feeding America Product Valuation Survey. This survey was subject to certain agreed upon procedures performed by an international CPA firm at the national level. All income recorded in this category is considered to be non-exchange and therefore, follow contribution guidance. Donated food that is determined to be unusable or unsafe for distribution is disposed of and the disposal value is recorded by the Organization. Donated food revenue is shown net of food disposals and spoilage. None of the donations received in 2025 and 2024, were restricted by the donor and none of the donations received were monetized.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments purchased with an original maturity of three months or less. However, cash and deposit accounts held as part of the Organization's investment policy are classified as investments in the consolidated statement of financial position.

The Organization maintains cash balances with financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The Organization values its inventory of purchased wholesale product at the lower of cost or net realizable value, with cost determined on the first-in, first-out (FIFO) method. Inventory donated by the USDA and the OAF is recorded at fair value as determined by these donors and agreed with by the Organization.

All other food and supplies inventory (primarily donated by the general public) is valued using the approximate average wholesale value of one pound of donated product as determined at the national level.

Investments

Investments are stated at fair value in the consolidated statement of financial position. Gains and losses (realized and unrealized) on investments are recognized as changes in net assets in the period in which they occur and investment income is recognized as revenue in the period earned. Investment income is reported net of external and direct internal investment expenses.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated statement of financial position and the consolidated statement of activities.

Land, Building, and Equipment

Land, building, and equipment are stated at cost or at the estimated fair value prevailing at the date of donation. Acquisitions in excess of $5,000 are capitalized while maintenance and repairs, which do not improve or extend the lives of the respective assets are expensed currently. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference is charged or credited to operations.

Depreciation has been provided using the accelerated and straight-line methods of accounting. Assets are depreciated based on the following estimated useful lives:

Land improvements	15 years
Buildings and improvements	7 - 31.5 years
Furniture	5 years
Equipment	3 - 10 years
Vehicles	5 years
Leasehold improvements	Term of the lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Refundable Advances

Refundable advances represent conditional contributions which will be reduced, and the related contribution will be recognized as revenue, when barriers are overcome and right of return no longer exists.

Contributed Services

A substantial number of unpaid volunteers make significant contributions of their time to the Organization's program services. No amounts have been recognized in the consolidated financial statements for donated services because the criteria for recognition have not been satisfied. In order to be recognized in the consolidated financial statements, the donated services must create or enhance nonfinancial assets or require specialized skills from individuals possessing such skills which would need to be purchased if not donated.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated between program services, management and general, and fundraising expenses. Salaries and related expenses are allocated on the basis of estimated time and effort. Technology, utilities, insurance, repairs, and supplies expenses are allocated on the basis of square footage used by each function. All other expenses are charged directly to the relating function when incurred.

Leases

The Organization determines if an arrangement is, or contains, a lease at the inception date. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Right-of-use assets (ROU assets) represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the commencement date based primarily on the present value of lease payments over the lease term. In determining the discount rate used to measure the ROU assets and lease liabilities, the Organization uses rates implicit in the lease, when available. If the rate implicit in the lease is not readily available, the Organization has elected to use a risk-free rate for all classes of assets. The risk-free rate used is the U.S. Treasury Bill Rate in effect at the commencement of the lease for a similar term. The operating lease ROU assets also include any lease payments made at commencement and exclude lease incentives. 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 is recognized on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

The Organization elected the practical expedient to account for lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of non-lease components is typically revised from one period to the next. Payments for non-lease components, which are primarily consisted of common area maintenance, utilities, and real estate taxes that are passed to the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred. Variable lease expense is immaterial for 2025 and 2024.

Debt Issuance Costs

Costs incurred with the issuance of long-term debt are deferred and amortized over the term of the related debt. Debt issuance costs are presented as a reduction of the carrying amount of the long-term debt and the Organization includes the amortization of debt issuance costs in interest expense on the consolidated statement of activities.

Income Taxes

The Foodbank, Endowment, and Cherry are exempt from federal income taxes under section 501(c)(3) of the Internal Revenue code.

The Organization recognizes and discloses uncertain tax positions in accordance with GAAP. As of and during the years ended December 31, 2025 and 2024, the Organization did not have a liability for unrecognized tax benefits.

Reclassifications

Certain December 31, 2024, consolidated financial statement items have been reclassified to conform to the December 31, 2025, consolidated financial statement presentation.

Subsequent Events

Management has evaluated subsequent events through May 29, 2026, which is the date the consolidated financial statements were available to be issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. LIQUIDITY

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's financial assets available to meet cash needs for general expenditures within one year were as follows at December 31:

	2025	2024
Cash and cash equivalents	$ 16,035,143	$ 16,197,358
Accounts receivable	163,111	325,510
Grants receivables	656,920	438,221
Pledges receivable - Net	363,500	325,592
Investments	14,266,082	8,277,070
Total financial assets, at year end	31,484,756	25,563,751
Less: Pledges receivable not expected to be collected within one year - Net	120,000	170,500
Less: Net assets with time and donor restrictions	7,928,494	6,748,332
Total financial assets liquid within one year	$ 23,436,262	$ 18,644,919

As described in Note 11, the Organization's endowment is subject to an annual spend rate of 5%. In addition, the Organization has a $1,000,000 line of credit (see Note 8), which is collateralized by all assets, available to meet cash flow needs.

4. PLEDGES RECEIVABLE

Pledges receivable represent promises to give recorded at their present value of estimated future cash flows using a risk-adjusted interest rate of 6.03%. As of December 31, 2025, the gross pledges receivable amounted to $363,500. As of December 31, 2024, the gross pledges receivable amounted to $348,080, and the discount applied to the long-term portion amounted to $22,488. As of December 31, 2025, the timing of collections of pledges receivable is estimated as follows:

2026	$ 243,500
2027	60,000
2028	60,000
	$ 363,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. LAND, BUILDING, AND EQUIPMENT - NET

Land, building, and equipment consist of the following as of December 31:

	2025	2024
Land and improvements	$ 1,612,988	$ 929,197
Buildings and improvements	21,052,167	21,008,179
Furniture	775,703	759,580
Equipment	2,246,839	2,166,801
Vehicles	1,448,343	1,463,777
Leasehold improvements	161,267	130,898
Construction in progress	1,156	-
	27,298,463	26,458,432
Less: Accumulated depreciation	8,786,848	7,527,849
	$ 18,511,615	$ 18,930,583

6. FAIR VALUE MEASUREMENTS

The various inputs that may be used to determine the fair value of the Organization's assets and liabilities are summarized in three broad levels:

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

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Significant unobservable inputs.

Cash and cash equivalents and exchange traded funds are valued at the daily closing price as reported by the fund. Corporate obligations and bonds are valued using pricing models maximizing the use of observable inputs for similar securities.

Assets measured at fair value are comprised of the following at December 31, 2025:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 435,194	$ -	$ -	$ 435,194
Exchange traded funds	9,432,285	-	-	9,432,285
Corporate obligations (bonds)	-	4,398,603	-	4,398,603
	$ 9,867,479	$ 4,398,603	$ -	$ 14,266,082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value are comprised of the following at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 717,880	$ -	$ -	$ 717,880
Exchange traded funds	5,048,486	-	-	5,048,486
Corporate obligations (bonds)	-	2,510,704	-	2,510,704
	$ 5,766,366	$ 2,510,704	$ -	$ 8,277,070

There were no transfers between levels during 2025 and 2024.

7. NEW MARKETS TAX CREDIT

The Organization entered into a debt transaction to access additional funds through the New Markets Tax Credit (NMTC) Program. These funds were used towards the construction of the Stark County facility. The NMTC Program permits investors to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all the proceeds to make Qualified Low-Income Community Investments (QLICIs). The tax credits are claimed over a period of seven years and equate to 39% of the QLICIs. The Foodbank has partnered with an investor, Capital One, N.A. to utilize the NMTC program.

Capital One, N.A. established a special purpose entity called COCRF Investor 190, LLC (COCRF190) to raise the capital for the transaction. COCRF190 was funded with $2,969,250 of equity from Capital One, N.A. and $4,530,750 from the Foodbank (Leverage Loan Receivable). The loan agreement requires quarterly interest only payments through June 30, 2027, at a fixed rate of 1.5834%, at which time the loan agreement requires principal and interest payments through April 2050. The outstanding balance on the Leverage Loan Receivable was $4,530,750 at December 31, 2025 and 2024.

The capital raised by COCRF190 was used to make a $7,500,000 QEI in two CDEs called COCRF Sub CDE 108, LLC, a wholly owned subsidiary of COCRF190, and Western Reserve DF Affiliate XIII, LLC, a jointly owned entity of COCRF190 and Development Fund of the Western Reserve, Inc. (collectively, the NMTC Investors). The CDEs then loaned $7,175,000 of these funds in the form of four notes to 1365 Cherry LLC (collectively, the NMTC Notes Payable).

The NMTC Notes Payable range in principal from $315,900 to $3,846,650, bear interest at 1% per annum, and mature in April 2050. The NMTC Notes Payable require quarterly interest only payments through June 30, 2027, at which time the notes require quarterly payments of principal and interest through their remaining respective terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. NEW MARKETS TAX CREDIT (Continued)

At December 31, 2025, future maturities of the NMTC Notes Payable are as follows:

2027	$	140,806
2028		283,730
2029		286,578
Thereafter		6,463,886
	$	7,175,000
Less: Unamortized debt issuance costs		249,018
	$	6,925,982

The Foodbank's Leverage Loan Receivable and the NMTC Notes Payable are generally offsetting in amount and have essentially identical interest, payment, and maturity terms. The Organization accounts for the Leverage Loan Receivable and NMTC Notes Payable on a gross basis within the consolidated statement of financial position and the related interest income and expense in the consolidated statement of activities, because a right of set-off, as described in the Accounting Standards Codification (ASC) 210-20, *Balance Sheet - Offsetting*, does not exist during the terms of the outstanding notes. At maturity, or early payoff, the parties may choose to satisfy the balance payable to the Organization with some of the NMTC Notes Payable rather than settle them in cash.

As part of this financing agreement, the Organization has entered into a put and call agreement to take place at the end of the seven-year tax credit period in April 2027. Under the agreements, the NMTC Investors can exercise a put option to sell all interest in the investment fund to the Organization for $1,000. If the NMTC Investors do not exercise the put option, then the agreement allows the Organization to exercise a call option to purchase the interest in the investment fund at an appraised fair value.

8. OTHER FINANCING ARRANGEMENTS

The Organization has a revolving line of credit with a bank, that has available borrowings of up to $2,000,000 during 2024, amended to allow for borrowings of up to $1,000,000 as of December 31, 2025. There were no outstanding balances at December 31, 2025 and 2024. Advances outstanding on the line of credit are due on demand, with interest due monthly at the bank's Prime rate plus .25% (Prime - 6.75% and 7.50% at December 31, 2025 and 2024, respectively). The credit line is due on demand, and is collateralized by a blanket lien on all assets.

9. RETIREMENT PLAN

The Organization maintains a 403(b) tax deferred annuity retirement plan in which employees are eligible to participate on their first day of employment with the Organization. The plan requires the Organization to contribute 2% of eligible employees' compensation and match up to an additional 2% of employees' compensation on elective deferrals. Retirement plan expense was $204,862 and $201,456 in 2025 and 2024, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follows at December 31:

	2025	2024
Children's meals	$ 37,598	$ 164,500
Direct distribution	55,550	20,000
Agency grants	1,422,726	1,074,227
Home delivery	22,946	42,672
Strategic partnerships	583,000	5,400
Transportation	5,000	-
Operating replacement	300,000	328,035
Other	12,060	634
Endowment earnings - Net	1,350,972	1,041,939
Permanent endowment	4,258,642	4,241,425
	$ 8,048,494	$ 6,918,832

11. ENDOWMENT

The Endowment was established in 1999, with the specific purpose of seeking funds for the benefit of the Organization. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Boards of Trustees of the Akron-Canton Regional Foodbank, Inc. and Affiliates have interpreted state law as requiring the preservation 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 restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by state law. In accordance with state law, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. ENDOWMENT (Continued)

Return Objectives and Risk Parameters

The Organization seeks to provide a predictable stream of funding to the Akron-Canton Regional Foodbank, Inc. and to maintain the core balance of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Endowment must hold in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Organization relies on a conservative strategy in which investment returns are achieved through current yield (interest and dividends). The Organization targets equity and fixed income exchange traded funds in order to maintain the core value of the Endowment while at the same time generating modest returns.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The primary objective of the Endowment is to support the current and future activities of the Organization; therefore, assets withdrawn from the Endowment will be lower than the expected long-term return. It is the objective of the Endowment to distribute in any one fiscal year no more than 5.0% of the three-year moving average of the fair market value of the Endowment's investment assets at year end.

Endowment Fund Deficiency

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of December 31, 2025 and 2024.

Changes in endowment net assets for the years ended December 31, 2025 and 2024:

	Restricted for Time/Purpose	Restricted for Perpetuity	Total
Endowment net assets, January 1, 2024	$ 536,456	$ 3,210,321	$ 3,746,777
Contributions	-	1,031,104	1,031,104
Investment return:			
Investment income	463,837	-	463,837
Net gains	61,627	-	61,627
Fees	(19,981)	-	(19,981)
Total investment return	505,483	-	505,483
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, December 31, 2024	$ 1,041,939	$ 4,241,425	$ 5,283,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. ENDOWMENT (Continued)

Endowment Fund Deficiency (continued)

	Restricted for Time/Purpose	Restricted for Perpetuity	Total
Contributions	-	17,217	17,217
Investment return:			
Investment gain	129,929	-	129,929
Net gains	542,760	-	542,760
Fees	(23,126)	-	(23,126)
Total investment return	649,563	-	649,563
Appropriation of endowment assets for expenditure	(340,530)	-	(340,530)
Endowment net assets, December 31, 2025	$ 1,350,972	$ 4,258,642	$ 5,609,614

12. LEASES

The Organization maintains operating leases for copiers and vehicles expiring at various dates through September 2031.

For the years ended December 31, 2025 and 2024, the Organization's operating lease expense was approximately $200,000 and $182,000, respectively.

At December 31, 2025, the weighted average remaining lease term and weighted average discount rate for operating leases was 3.36 years and 3.07%, respectively. At December 31, 2024, the weighted average remaining lease term and weighted average discount rate for operating leases was 4.53 years and 2.54%, respectively.

At December 31, 2025, future minimum lease payments under non-cancellable operating leases are as follows:

2026	$ 239,112
2027	171,582
2028	143,484
2029	105,540
2030	66,876
Thereafter	6,772
Total undiscounted cash flows	733,366
Less: Present value discount	(34,431)
Total lease liabilities	$ 698,935

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. CONTINGENCY

Laws and Regulations

Laws and regulations governing the Organization's programs are complex and subject to interpretation. Potential noncompliance with laws and regulations can be subject to future government review and interpretation as well as regulatory action. The Organization believes it is in compliance with all applicable laws and regulations and believes there are no material contingencies related to laws and regulations governing its programs.

14. SUBSEQUENT EVENT

On March 3, 2026, the Organization received legal ownership and control of donated real property, consisting of land and a facility, located in Orrville, Ohio. The property was appraised at approximately $3,200,000. This donation was recorded in 2026, upon completion of successful due diligence procedures. In connection with the transfer, the donor agreed to an additional $1,000,000 cash contribution, which is recorded when the cash is received.

AKRON-CANTON REGIONAL FOODBANK, INC. AND AFFILIATES

SUPPLEMENTAL FINANCIAL INFORMATION

DECEMBER 31, 2025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
Food Distribution Cluster				
United States Department of Agriculture passed through the Ohio Department of Job and Family Services:				
The Emergency Food Assistance Program (TEFAP):				
Administrative costs	G-2425-17-0739	10.568	$ -	$ 672,055
Food commodities at fair value	G-2425-17-0739	10.568	4,850,074	5,723,495
Commodity Supplemental Food Program:				
Administrative costs	G-2425-17-0747	10.565		173,736
Food commodities at fair value	G-2425-17-0747	10.565	574,369	680,910
Total Food Distribution Cluster			5,424,443	7,250,196
Other Programs				
United States Department of Agriculture passed through the Ohio Association of Foodbanks:				
Local Food Purchase Assistance:				
Administrative costs	G-2425-17-0084	10.182	-	76,456
Food commodities at fair value	G-2425-17-0084	10.182	260,198	329,072
			260,198	405,528
United States Department of Agriculture passed through the Ohio Department of Job and Family Services:				
The Emergency Food Assistance Program (TEFAP) Community Credit Corporation Eligible Recipient Funds:				
Administrative costs	G-2425-17-0714	10.187	-	69,003
Food commodities at fair value	G-2425-17-0714	10.187	896,183	1,067,587
			896,183	1,136,590
Total United States Department of Agriculture			6,580,824	8,792,314
United States Department of Health and Human Services passed through the County of Summit:				
Temporary Assistance to Needy Families (TANF):				
Administrative costs		93.558	-	51,841
Food commodities at fair value		93.558	465,086	524,178
			465,086	576,019
United States Department of Health and Human Services passed through Produce Perks Midwest:				
Temporary Assistance to Needy Families (TANF)	G-2425-17-0247	93.558	-	23,464
United States Department of Health and Human Services passed through the Ohio Department of Job and Family Services				
Governor's Office of Faith Based Community Initiatives:				
Food commodities at fair value		93.558	397,448	427,872
United States Department of Health and Human Services passed through the Ohio Association of Foodbanks:				
Ohio Food Purchase and Agricultural Clearance Program - TANF Portion:				
Administrative costs	G-2425-17-0084	93.558	-	334,903
Food commodities at fair value	G-2425-17-0084	93.558	256,446	2,511,610
			256,446	2,846,513
			1,118,980	3,873,868
Ohio Food Purchase and Agricultural Clearance Program - Title XX Portion:				
Administrative costs	G-2425-17-0084	93.667	-	30,014
Food commodities at fair value	G-2425-17-0084	93.667	10,685	104,650
			10,685	134,664
Total United States Department of Health and Human Services			1,129,665	4,008,532
United States Department of the Treasury passed through the Ohio Association of Foodbanks - CARES:				
Coronavirus State and Local Fiscal Recovery Funds:				
Food commodities at fair value	G-2425-17-0084	21.027	10,457	10,457
			$ 7,720,946	$ 12,811,303

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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

Boards of Trustees
Akron-Canton Regional Foodbank, Inc. and Affiliates

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 consolidated financial statements of Akron-Canton Regional Foodbank, Inc. and Affiliates (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 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 May 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Akron-Canton Regional Foodbank, Inc. and Affiliates' 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 Akron-Canton Regional Foodbank, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of the Akron-Canton Regional Foodbank, Inc. and Affiliates' 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 misstatement of the entity'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, 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 Akron-Canton Regional Foodbank, Inc. and Affiliates' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 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.

Cohen & Company Ltd.

Akron, Ohio
May 29, 2026

Independent Auditor's Report on Compliance for the Major Program
and on Internal Control Over Compliance Required by The Uniform Guidance

Boards of Trustees
Akron-Canton Regional Foodbank, Inc. and Affiliates

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Akron-Canton Regional Foodbank, Inc. and Affiliates' compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Akron-Canton Regional Foodbank, Inc. and Affiliates' major federal programs for the year ended December 31, 2025. The Akron-Canton Regional Foodbank, Inc. and Affiliates' 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, Akron-Canton Regional Foodbank, Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended December 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Akron-Canton Regional Foodbank, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Akron-Canton Regional Foodbank, Inc. and Affiliates' compliance with the compliance requirements referred to above.

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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 Akron-Canton Regional Foodbank, Inc. and Affiliates' 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 Akron-Canton Regional Foodbank, Inc. and Affiliates' 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 generally accepted auditing standards, *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 Akron-Canton Regional Foodbank, Inc. and Affiliates' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Akron-Canton Regional Foodbank, Inc. and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Akron-Canton Regional Foodbank, Inc. and Affiliates' 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 Akron-Canton Regional Foodbank, Inc. and Affiliates' 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.

Cohen & Company Ltd.

Akron, Ohio
May 29, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to consolidated financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weaknesses?	____ Yes	X None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, section 200.516?	____ Yes	X No

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
10.565, 10.568	Food Distribution Cluster

Dollar threshold used to distinguish between Type A and Type B programs:		$ 1,000,000
Auditee qualified as low-risk auditee?	____ Yes	X No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

NOTES TO SCHEDULE OF THE EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Akron-Canton Regional Foodbank, Inc. and Affiliates (the Organization) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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.

Food Donation

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At December 31, 2025, the Organization had USDA food commodities totaling $480,238 in inventory.

The Organization passes certain federal awards (food commodities) received to other not-for-profit agencies (subrecipients). Distributions made to subrecipients totaled $7,720,946 in 2025.

The Organization did not elect to use the de minimus rate of 15% for the year ended December 31, 2025.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

	AKRON-CANTON REGIONAL FOODBANK, INC.	AKRON-CANTON REGIONAL FOODBANK ENDOWMENT	1365 CHERRY LLC	ELIMINATIONS	TOTAL
ASSETS					
Cash and cash equivalents	$ 15,916,408	$ -	$ 118,735	$ -	$ 16,035,143
Accounts receivable	163,111	260,055	-	(260,055)	163,111
Grants receivable	656,920	-	-	-	656,920
Pledges receivable - Net	363,500	-	-	-	363,500
Prepaid expenses	36,582	-	8,500	-	45,082
Inventory	4,042,924	-	-	-	4,042,924
Investments	8,656,468	5,609,614	-	-	14,266,082
Leverage loan receivable	4,530,750	-	-	-	4,530,750
Land, building and equipment - Net	11,546,661	-	6,964,954	-	18,511,615
Operating lease right-of-use assets	698,935	-	-	-	698,935
Interest in the net assets of the affiliates	5,928,588	166,207	-	(6,094,795)	-
TOTAL ASSETS	$ 52,540,847	$ 6,035,876	$ 7,092,189	$ (6,354,850)	$ 59,314,062
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	$ 492,534	$ -	$ -	$ (260,055)	$ 232,479
Accrued expenses	791,005	-	-	-	791,005
Refundable advances	459,466	-	-	-	459,466
Operating lease liabilities	698,935	-	-	-	698,935
Long-term debt - Net	-	-	6,925,982	-	6,925,982
Total liabilities	2,441,940	-	6,925,982	(260,055)	9,107,867
NET ASSETS					
Without donor restrictions	42,157,701	318,974	166,207	(485,181)	42,157,701
With donor restrictions	8,048,494	5,609,614	-	(5,609,614)	8,048,494
Total net assets	50,206,195	5,928,588	166,207	(6,094,795)	50,206,195
TOTAL LIABILITIES AND NET ASSETS	$ 52,648,135	$ 5,928,588	$ 7,092,189	$ (6,354,850)	$ 59,314,062

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

	AKRON-CANTON REGIONAL FOODBANK, INC.			AKRON-CANTON REGIONAL FOODBANK ENDOWMENT			1365 CHERRY LLC		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	ELIMINATIONS	TOTAL
PUBLIC SUPPORT AND REVENUE									
PUBLIC SUPPORT									
Grants	$ 1,634,384	$ 335,977	$ 1,970,361	$ -	$ -	$ -	$ -	$ -	$ 1,970,361
Distribution fees	1,331,538	-	1,331,538	-	-	-	-	-	1,331,538
Donated food - Net	55,282,782	-	55,282,782	-	-	-	-	-	55,282,782
Contributions	14,852,057	2,278,093	17,130,150	107,767	169,395	277,162	-	-	17,407,312
Total public support	73,100,761	2,614,070	75,714,831	107,767	169,395	277,162	-	-	75,991,993
REVENUE									
Shared maintenance	1,115,489	-	1,115,489	-	-	-	-	-	1,115,489
Agency delivery fees and freight	78,525	-	78,525	-	-	-	-	-	78,525
Investment return - Net	703,067	-	703,067	-	672,689	672,689	-	-	1,375,756
Interest income	71,740	-	71,740	-	-	-	-	-	71,740
Rental income	-	-	-	-	-	-	87,416	(87,416)	-
Miscellaneous income	210,866	-	210,866	-	-	-	-	(188,352)	22,514
Net assets released from restrictions	2,007,726	(2,007,726)	-	318,766	(318,766)	-	-	-	-
Total revenue	4,187,413	(2,007,726)	2,179,687	318,766	353,923	672,689	87,416	(275,768)	2,664,024
TOTAL PUBLIC SUPPORT AND REVENUE	77,288,174	606,344	77,894,518	426,533	523,318	949,851	87,416	(275,768)	78,656,017
EXPENSES									
Program services	66,962,659	-	66,962,659	295,640	-	295,640	266,310	(275,768)	67,248,841
Supporting services									
Management and general	2,500,203	-	2,500,203	23,126	-	23,126	115,249	-	2,638,578
Fundraising expenses	2,730,448	-	2,730,448	-	-	-	-	-	2,730,448
Total expenses	72,193,310	-	72,193,310	318,766	-	318,766	381,559	(275,768)	72,617,867
CHANGE IN NET ASSETS	5,094,864	606,344	5,701,208	107,767	523,318	631,085	(294,143)	-	6,038,150
CHANGE IN INTEREST IN NET ASSETS OF AFFILIATES	(186,376)	523,318	336,942	(294,143)	-	(294,143)	-	(42,799)	-
NET ASSETS - BEGINNING OF YEAR	37,249,213	6,918,832	44,168,045	505,350	5,086,296	5,591,646	460,350	(6,051,996)	44,168,045
NET ASSETS - END OF YEAR	$ 42,157,701	$ 8,048,494	$ 50,206,195	$ 318,974	$ 5,609,614	$ 5,928,588	$ 166,207	$ (6,094,795)	$ 50,206,195

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

	AKRON-CANTON REGIONAL FOODBANK, INC.	AKRON-CANTON REGIONAL FOODBANK ENDOWMENT	1365 CHERRY LLC	ELIMINATIONS	TOTAL
CASH FLOW PROVIDED FROM (USED IN) OPERATING ACTIVITIES					
Change in net assets	$ 6,038,150	$ 336,942	$ (294,143)	$ (42,799)	$ 6,038,150
Noncash items included in operations:					
Depreciation and amortization	1,064,380	-	248,110	-	1,312,490
Unrealized gains on investments	(87,983)	(430,130)	-	-	(518,113)
Realized gains on investments	(286,921)	(112,630)	-	-	(399,551)
Amortization of debt issuance costs	-	-	16,500	-	16,500
Operating lease expense	208,239	-	-	-	208,239
Change in donated inventory	(824,451)	-	-	-	(824,451)
Change in discount on pledges receivable	(22,488)	-	-	-	(22,488)
Change in interest in net assets of affiliates	(336,942)	294,143	-	42,799	-
Increase (decrease) in cash caused by change in operating items:					
Accounts receivable	161,999	-	-	-	161,999
Grants receivable	(218,699)	-	-	-	(218,699)
Pledges receivable	(15,420)	-	-	-	(15,420)
Prepaid expenses	202,562	-	1,700	-	204,262
Inventory	71,196	-	-	-	71,196
Accounts payable	(83,343)	-	-	-	(83,343)
Accrued expenses	(175,265)	-	-	-	(175,265)
Refundable advances	246,017	-	-	-	246,017
Operating lease liabilities	(198,869)	-	-	-	(198,869)
Net cash flow provided from (used in) operations	5,742,162	88,325	(27,833)	-	5,802,654
CASH FLOWS (USED IN) PROVIDED FROM INVESTING ACTIVITIES					
Purchase of investments	(6,298,837)	(2,185,880)	-	-	(8,484,717)
Proceeds from sale of investments	1,010,979	2,402,390	-	-	3,413,369
Purchases of property and equipment	(893,522)	-	-	-	(893,522)
	(6,181,380)	216,510	-	-	(5,964,870)
NET INTERCOMPANY TRANSACTIONS	412,123	(412,123)	-	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(27,095)	(107,288)	(27,833)	-	(162,216)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	16,050,791	-	146,568	-	16,197,359
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 16,023,696	$ (107,288)	$ 118,735	$ -	$ 16,035,143