



*Driving hunger from our communities*

**Philabundance  
Consolidated Financial Statements  
June 30, 2025 and 2024  
With Independent Auditor's Report**

**Philabundance**  
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## Independent Auditor's Report

To the Board of Directors of  
Philabundance:

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

#### Opinion

We have audited the consolidated financial statements of Philabundance and its subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of Philabundance and its subsidiary as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Philabundance and its subsidiary 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 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

#### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Supplementary Information on page 25 through 33 is presented for purposes of additional analysis as required by the City of Philadelphia Subrecipient Audit Guide and is 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* and the *City of Philadelphia Subrecipient Audit Guide*, we have also issued our report dated February 17, 2026 on our consideration of Philabundance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *City of Philadelphia Subrecipient Audit Guide* in considering Philabundance's internal control over financial reporting and compliance.



February 17, 2026

**Philabundance**  
**Consolidated Statements of Financial Position**  
**June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 13,544,061	\$ 11,134,792
Investments, current	250,977	296,115
Accounts receivable, net of allowance for credit losses of \$199,836 and \$131,600, respectively	1,299,545	2,223,753
Contributions receivable, current	833,499	185,500
Inventory	2,736,362	4,153,104
Other current assets	225,727	224,444
Prepaid expense and deposits	266,585	212,151
<b>Total current assets</b>	<b>19,156,756</b>	<b>18,429,859</b>
<b>Noncurrent assets</b>		
Endowment and other investments	3,284,661	2,875,990
Contributions receivables, net of current portion and discount to present value	597,307	183,307
Property and equipment, net	16,401,207	18,175,277
Operating lease right-of-use assets, net	2,130,720	2,982,036
Beneficial interest	20,097	18,625
<b>Total noncurrent assets</b>	<b>22,433,992</b>	<b>24,235,235</b>
<b>Total assets</b>	<b>\$ 41,590,748</b>	<b>\$ 42,665,094</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating lease liabilities, current portion	\$ 1,364,200	\$ 1,210,561
Accounts payable and accrued expenses	1,277,676	1,551,504
Security deposit	23,093	23,093
Deferred income	491,728	1,552,132
<b>Total current liabilities</b>	<b>3,156,697</b>	<b>4,337,290</b>
<b>Long-term liabilities</b>		
Operating lease liabilities, net of current portion	907,423	1,971,201
Self-amortizing long-term debt - PCK 2.0, net of current portion	4,679,999	4,679,999
<b>Total long-term liabilities</b>	<b>5,587,422</b>	<b>6,651,200</b>
<b>Total liabilities</b>	<b>8,744,119</b>	<b>10,988,490</b>
<b>Net assets</b>		
Without donor restrictions	28,819,372	28,695,099
With donor restrictions	4,027,257	2,981,505
<b>Total net assets</b>	<b>32,846,629</b>	<b>31,676,604</b>
<b>Total liabilities and net assets</b>	<b>\$ 41,590,748</b>	<b>\$ 42,665,094</b>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Philabundance**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating support and revenue</b>			
In-kind food (Note 1)	\$ 68,913,698	\$ -	\$ 68,913,698
In-kind goods and services	365,926	-	365,926
Grants, contracts, and contributions	31,090,619	5,125,487	36,216,106
Other income	372,489	-	372,489
	<u>100,742,732</u>	<u>5,125,487</u>	<u>105,868,219</u>
Net assets released from restrictions	4,079,735	(4,079,735)	-
<b>Total operating support and revenue</b>	<u>104,822,467</u>	<u>1,045,752</u>	<u>105,868,219</u>
<b>Expenses</b>			
Program expenses	95,791,228	-	95,791,228
Management and general	4,642,963	-	4,642,963
Fundraising	5,206,852	-	5,206,852
<b>Total expenses</b>	<u>105,641,043</u>	<u>-</u>	<u>105,641,043</u>
<b>Changes in net assets from operations</b>	(818,576)	1,045,752	227,176
<b>Non-operating activities</b>			
Investment income	933,547	-	933,547
Gain (loss) on disposal of property and equipment	7,830	-	7,830
Change in beneficial interest	1,472	-	1,472
<b>Total non-operating activities</b>	<u>942,849</u>	<u>-</u>	<u>942,849</u>
Changes in net assets	124,273	1,045,752	1,170,025
<b>Net assets</b>			
Beginning of year	28,695,099	2,981,505	31,676,604
End of year	<u>\$ 28,819,372</u>	<u>\$ 4,027,257</u>	<u>\$ 32,846,629</u>

The Notes to Consolidated Statements are an integral part of this statement.

**Philabundance**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating support and revenue</b>			
In-kind food (Note 1)	\$ 74,609,053	\$ -	\$ 74,609,053
In-kind goods and services	501,530	-	501,530
Grants, contracts, and contributions	26,570,770	3,848,929	30,419,699
Other income	149,600	-	149,600
	<u>101,830,953</u>	<u>3,848,929</u>	<u>105,679,882</u>
Net assets released from restrictions	3,412,719	(3,412,719)	-
<b>Total operating support and revenue</b>	<u>105,243,672</u>	<u>436,210</u>	<u>105,679,882</u>
<b>Expenses</b>			
Program expenses	97,098,402	-	97,098,402
Management and general	4,884,386	-	4,884,386
Fundraising	5,249,223	-	5,249,223
<b>Total expenses</b>	<u>107,232,011</u>	<u>-</u>	<u>107,232,011</u>
<b>Changes in net assets from operations</b>	(1,988,339)	436,210	(1,552,129)
<b>Non-operating activities</b>			
Investment income	1,016,707	-	1,016,707
Gain (loss) on disposal of property and equipment	(105,909)	-	(105,909)
Change in beneficial interest	1,328	-	1,328
<b>Total non-operating activities</b>	<u>912,126</u>	<u>-</u>	<u>912,126</u>
Changes in net assets	(1,076,213)	436,210	(640,003)
<b>Net assets</b>			
Beginning of year	29,771,312	2,545,295	32,316,607
End of year	<u>\$ 28,695,099</u>	<u>\$ 2,981,505</u>	<u>\$ 31,676,604</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

**Philabundance**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**

	2025	2024
<b>Operating activities</b>		
Changes in net assets	\$ 1,170,025	\$ (640,003)
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities</b>		
Realized gain on investments	(17,951)	(2,355)
Unrealized gain on investments	(384,908)	(477,266)
Change in beneficial interest	(1,472)	(1,328)
Depreciation and amortization	2,032,140	2,358,719
Bad debt	72,000	116,595
Right-of-use asset amortization	851,316	1,162,399
(Gain) loss on disposal of property and equipment	(7,830)	105,909
<b>Change in operating assets and liabilities:</b>		
Accounts receivable	852,210	(815,897)
Contributions receivable	(1,062,000)	221,500
Inventory	1,416,742	(698,893)
Other current assets	(1,283)	(129,902)
Prepaid expense and deposits	(54,434)	30,690
Accounts payable and accrued expenses	(273,828)	(563,901)
Deferred income	(1,060,404)	276,562
Net lease liabilities - operating	(910,139)	(1,199,124)
<b>Net cash provided by (used in) operating activities</b>	2,620,184	(256,295)
<b>Investing activities</b>		
Purchase of investments	(50,565)	(537,829)
Proceeds from sale of investments	89,890	553,845
Purchase of property and equipment	(290,192)	(677,549)
Proceeds from sale of property and equipment	39,952	46,896
<b>Net cash (used in) provided by investing activities</b>	(210,915)	(614,637)
<b>Net change in cash and cash equivalents</b>	2,409,269	(870,932)
<b>Cash and cash equivalents</b>		
Beginning of year	11,134,792	12,005,724
End of year	\$ 13,544,061	\$ 11,134,792

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Philabundance**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2025**

	<b>Program Expenses</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll and related costs	\$ 8,408,500	\$ 2,589,859	\$ 1,953,646	\$ 12,952,005
Agency support	162,549	-	-	162,549
Credit losses	-	72,000	-	72,000
Credit card and bank fees	-	-	260,691	260,691
Depreciation and amortization	1,219,284	426,749	386,107	2,032,140
Donated food and nonfood	70,698,345	-	-	70,698,345
Dues and subscriptions	6,299	125,511	41,539	173,349
Facilities and occupancy	2,805,188	273,716	194,175	3,273,079
Food acquisition	9,951,132	-	-	9,951,132
Freight	181,837	-	-	181,837
Information technology	30,318	213,950	21,178	265,446
Insurance	134,349	47,022	42,544	223,915
Mailing services	1,221	177	1,392,235	1,393,633
Marketing and design	321	1,563	388,817	390,701
Meetings and trainings	997	10,113	3,492	14,602
Miscellaneous	12,054	16,775	24,298	53,127
Printing	2,517	144	7,221	9,882
Professional fees	133,482	676,186	305,314	1,114,982
Supplies	772,133	52,006	151,904	976,043
Telecommunications	19,265	99,253	268	118,786
Temporary help	318,606	37,939	33,423	389,968
Transportation	932,831	-	-	932,831
<b>Total expenses</b>	<b>\$ 95,791,228</b>	<b>\$ 4,642,963</b>	<b>\$ 5,206,852</b>	<b>\$ 105,641,043</b>

The Notes to Consolidated Financial Statements are an integral part of this statement.

**Philabundance**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	<b>Program Expenses</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll and related costs	\$ 7,296,256	\$ 2,633,331	\$ 2,266,813	\$ 12,196,400
Agency support	-	-	38,986	38,986
Credit losses	-	69,870	46,725	116,595
Credit card and bank fees	918	31,803	211,424	244,145
Depreciation and amortization	1,415,231	495,331	448,157	2,358,719
Donated food and nonfood	74,240,604	-	-	74,240,604
Dues and subscriptions	-	100,995	28,350	129,345
Facilities and occupancy	2,567,582	331,564	175,512	3,074,658
Food acquisition	8,576,480	2,744	-	8,579,224
Freight	396,246	19,127	-	415,373
Information technology	22,559	167,126	23,463	213,148
Insurance	119,514	67,362	31,102	217,978
Mailing services	1,333	894	1,387,796	1,390,023
Marketing and design	1,031	4,113	338,644	343,788
Meetings and trainings	11,354	89,345	7,259	107,958
Miscellaneous	-	3,592	6,051	9,643
Printing	2,630	470	2,442	5,542
Professional fees	94,504	602,664	100,957	798,125
Supplies	757,922	56,878	83,273	898,073
Telecommunications	21,184	80,508	419	102,111
Temporary help	572,915	126,669	51,850	751,434
Transportation	1,000,139	-	-	1,000,139
<b>Total expenses</b>	<b>\$ 97,098,402</b>	<b>\$ 4,884,386</b>	<b>\$ 5,249,223</b>	<b>\$ 107,232,011</b>

The Notes to Consolidated Financial Statements are an integral part of this statement.

# Philabundance

## Notes to Consolidated Financial Statements

### June 30, 2025 and 2024

#### 1. Organization and Operations

Philabundance is a Pennsylvania nonprofit founded in 1984 with the simple belief that no one should go hungry while healthy food goes to waste. Philabundance's mission is to drive hunger from its communities today and to end hunger for good. In addition to food distribution, Philabundance strives to reduce food waste, increase access to nutritious meals, and tackle the root causes of hunger.

Philabundance provides food to thousands of people each week through a network of over 350 agency food pantries, cupboards, and emergency kitchens over a nine-county service area in partners Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia counties) and New Jersey (Burlington, Camden, Gloucester, and Salem counties).

Philabundance continually works to improve the quality of food and increase its efforts in the amount of food it provides to agency partners, working with key partners to make food more accessible and making thousands of meals each week. In Fiscal Year 2021, Philabundance opened a new home for the Philabundance Community Kitchen ("PCK"), a culinary arts and life skills program, that makes nutritious ready-to-eat meals for people who are unhoused, seniors, and community members struggling to make ends meet.

Philabundance recognizes that food distribution alone is not enough and is working to ensure that those receiving services are not hungry again in the future. Philabundance is reimagining how it distributes food through the new "Food Plus" model, which provides clients with food plus other essential services such as education, financial literacy, and housing.

Philabundance is continuing to make strategic investments in its agency partners, programs, staffing, and own equipment so it can continue to meet the increased need. In addition to the in-kind donations of food, revenues are also primarily derived from contributions (largely from individual donors), grants, and fees for services provided, including government contracts.

#### 2. Summary of Significant Accounting Policies

##### a. Basis of Accounting

The consolidated financial statements of the Philabundance have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require it to report information regarding its financial position and activities according to the following net asset classifications:

**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 Philabundance. These net assets may be used at the discretion of Philabundance's management and the board of directors.

**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 actions of Philabundance or by passage of time. When restrictions are satisfied, they are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

##### b. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Philabundance and F&S Chester, RE, Inc., which are collectively referred to as the "Organization." All significant intercompany transactions and balances have been eliminated in consolidation.

##### c. Revenue and Support Recognition

###### *Contributions and Grants*

Contributions are reported as revenue when they are received or unconditionally promises to give and are recorded as net assets with donor restrictions or net assets without donor restrictions according to donor stipulations if the related assets are limited by donor-imposed time or purpose restrictions.

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

Conditional promises to give and grants are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are reflected at the present value of estimated future cash flows utilizing the treasury rate for a similar term on the date the unconditional promise to give is received plus .5% added for assumed risk of non-payment. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**d. Government Grant and Contract Revenue**

Revenue from government grant and contract agreements, which are generally considered nonexchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as deferred revenue. Grant funds expended in advance of reimbursement from the funding source are classified as grants and contracts receivable in the consolidated statement of financial position. Philabundance receives funding from federal and city agencies under grants and contracts, of which, some have a commitment spanning multiple years.

Other revenues are obtained from investment income and other miscellaneous income items. These revenues are not restricted in their use and are used to offset management and general expenses and program expenses. Revenues from these sources are recognized at the time the investment income is received or miscellaneous income is earned.

*Revenue from Contracts with Customers*

Philabundance accounts for agency handling fees and food purchase fees and catering income as exchange transactions in the consolidated statement of activities and changes in net assets. Revenues from contracts with customers are treated as revenues without donor restrictions. Performance obligations are satisfied at the point in time, which is when the related goods are provided to the customer. Philabundance does not have any significant financing components as payment is received shortly after revenue is recognized. Funds received in advance from customers for work that has not been performed have been recorded as contract liabilities and are shown as deferred income in the consolidated statement of financial position.

The following summarizes Philabundance's performance obligations:

*Agency Handling Fees and Food Purchase Fees*

Agency handling fees are charged for the delivery of purchased or donated food to agencies and are recorded at the time the delivery has occurred. Agency handling fees are not charged on the delivery of governmental food donations. Food purchase fees are charged to the agencies for food purchased by Philabundance and are based on the cost of the food plus a percentage markup over cost. The food purchase fees are recorded as revenue at the time the purchase is made. These fees are shown as support with no donor restrictions in the consolidated statement of activities and changes in net assets

**e. Inventory of Donated Food and Commodities and Purchased Food**

The value of donated food and commodities is determined using an average wholesale cost per pound, which is based on an annual study prepared by Feeding America, the national organization of food banks nationwide. Food that has been donated but not distributed is shown as inventory in the consolidated statement of financial position. Donated food and commodities that have been distributed are shown in the consolidated statement of functional expenses as donated food and non-food. Distributed food is released from inventory at fair value on the date of distribution. Due to normally short periods between receipt of food donations and their subsequent distribution, the fair value on the date of receipt generally approximates the fair value on the date of distribution. Purchased food that is distributed is valued at cost, with the resulting expense upon distribution also being recorded at cost due to the relatively short time frame between purchase and distribution.

**Philabundance**  
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**f. Donated Goods and Services**

Philabundance receives various forms of nonfood gifts-in-kind (“GIK”) items such as gift cards, store credit, advertising services, equipment, supplies, and other miscellaneous items. These goods are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use as the time the goods are contributed by the donor.

Philabundance receives significant donated services from volunteers, officers, and directors and affiliated organizations to support operations, fundraising, and administrative efforts. The value of these donated services is not included in these consolidated financial statements, as they do not meet the criteria for recognition under not-for-profit accounting standards

**g. Cash and Cash Equivalents**

Cash and cash equivalents include funds held in money market accounts and other instruments with a maturity of three months or less at the time of acquisition.

**h. Investments**

Investments in securities with readily determinable values and all investments in debt securities are measured at fair value in the consolidated statement of financial position. Donated investments are recorded at fair value at the date of receipt. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments, are reflected in the consolidated statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

**i. Accounts Receivable**

The Organization uses the allowance method to provide for losses on accounts receivable which is based on management’s judgment considering historical information as well as current and future economic conditions. Services are provided on an unsecured basis. Past-due accounts are reviewed for collectability and written off as necessary. In addition, an allowance is provided for other accounts when a significant pattern of collectability has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At June 30, 2025 and 2024, the allowance for expected credit losses was \$199,836 and \$131,600 respectively. As of July 1, 2023, accounts receivable were \$1,524,451.

**j. Contributions Receivable**

Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected beyond one year are recorded at their net present value of estimated future cash funds. Philabundance provides for uncollectible contributions using the allowance method, which is based on management’s judgment concerning analysis of individual contributions. Past-due contributions receivable are individually analyzed for collectability and written off when all efforts have been exhausted.

**k. Property and Equipment**

Property and equipment purchases are recorded at cost, less accumulated depreciation, except for donated items, which are recorded at their fair value on the date of donation. Amortization of software is included within depreciation expense. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Philabundance capitalizes all fixed assets over \$2,500 with an estimated life greater than one year. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs, and minor renewals are charged to operations as incurred.

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

The principal rates for computing depreciation by major asset category are as follows:

Description	Estimated Life (Years)
Buildings and improvements	40
Vehicles	5
Computer hardware and software	3-5
Equipment	5
Furniture and fixtures	5

**I. Valuation of Long-Lived Assets**

In accordance with the accounting pronouncements on impairment or disposal of long-lived assets, Philabundance reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment charge was required for the periods presented in these consolidated financial statements.

**m. Fair Value of Financial Instruments**

Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The pronouncement describes a fair value hierarchy based on three levels of input, of which the first two are considered observable and the last unobservable.

These levels are as follows:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect one’s estimates of assumptions that a market participant would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

The following is a description of the valuation methodologies used for Philabundance’s investments measured at fair value. There have been no changes in the methodologies used for periods presented in these consolidated financial statements.

*Money Market Funds, Preferred Stock, Mutual Funds, and Exchange-Traded Funds:* Shares of money market funds preferred stock, mutual funds, and exchange-traded funds are valued at quoted market prices at Philabundance’s fiscal year end.

*Beneficial Interest:* Beneficial interests in charitable trusts are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees.

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**n. Measure of Operations**

The consolidated statement of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities reflect all transactions attributable to Philabundance's ongoing programs. Non-operating activities reflect transactions considered to be nonrecurring in nature or not directly related to Philabundance's mission including investment income, gain on sale of property and equipment, and change in beneficial interests.

**o. Income Taxes**

Philabundance is a not-for-profit organization exempt from federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code ("IRC") and from Pennsylvania state income taxes under applicable state law. Accordingly, no provision for federal or state income taxes has been recorded in the consolidated statement of activities and changes in net assets.

F&S Chester, RE, Inc. is a taxable Pennsylvania corporation.

Management has determined that there are no uncertain tax positions for Philabundance as of June 30, 2025 and 2024. Philabundance has no income tax related penalties or interest for the periods reported in these consolidated financial statements.

**p. Concentration of Credit Risk**

Cash, cash equivalents, and investments and certain receivables are exposed to various risks, such as interest rate, market, and credit risks. To minimize such risks, Philabundance has a diversified portfolio managed by independent investment managers in a variety of asset classes. Philabundance regularly evaluates its investments including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying consolidated financial statements can vary substantially from year to year.

Philabundance maintains various bank accounts, some of which have significant cash balances that throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access of such funds could have a significant adverse impact on Philabundance's financial condition, changes in net assets, and cash flows

**q. Leases**

Philabundance accounts for leases in accordance with ASC 842. In accordance with ASC 842, Philabundance determines if an arrangement is or contains a lease at contract inception and recognizes an asset and a lease liability at the lease commencement date. Contract terms determine if a lease will be accounted for as an operating or finance lease. Based on the lease contracts, nonlease components are separated and recorded as other liabilities. As a result, the nonlease components are not included in the lease calculation.

For operating leases, the lease liability is measured at the present value of the unpaid lease payments. The right-of-use ("ROU") asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense is recognized on a straight-line basis over the lease term.

For finance leases, the lease liability is initially measured in the same manner as operating leases and is subsequently measured at amortized cost using the effective-interest method. The asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or lease term unless the lease transfers ownership to Philabundance. Amortization of the asset and interest expense of the lease liability is recognized and presented separately.

Philabundance has elected not to recognize ROU assets and lease liabilities for short-term leases that have a term of 12 months or less and recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

Several key estimates and judgments are used to determine the ROU assets and operating lease liabilities, including the discount rate used to discount the unpaid lease payments to present value, lease term, and lease payments. ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. The incremental borrowing rate is the rate of interest Philabundance would have to pay to borrow an amount equal to the lease payments under similar terms and conditions.

**r. 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. There were significant estimates recorded in these consolidated financial statements for the value of donated food and commodity inventories and revenues for donations received, the associated value of food and supplies that were distributed, the useful lives of fixed assets, fair value of investments and the allocation of expenses among functional categories.

**s. Functional Allocation of Expenses**

The cost of providing the various programs, which include food distribution and other ancillary programs of Philabundance, has been shown in the consolidated statement of functional expenses. The smaller related programs have not been shown separately because none of the programs are individually significant in relation to the food distribution program. Certain costs have been allocated between program and supporting services on an equitable basis as follows:

<b>Expense</b>	<b>Method of Allocation</b>
Person	Time and effort
Fringe benefits	Time and effort
Occupancy	Square footage
Telephone	Square footage
Insurance	Square footage
Repairs and maintenance	Square footage
Depreciation	Square footage

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**3. Financial Assets and Liquidity Resources**

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	<b>2025</b>	<b>2024</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 13,544,061	\$ 11,134,792
Accounts receivable, net	1,299,545	2,223,753
Current portion of contributions receivable	833,499	185,500
Investments	3,535,638	3,172,105
	<u>19,212,743</u>	<u>16,716,150</u>
Less: Financial assets unavailable for general expenditures		
Net assets with donor restrictions	(4,027,257)	(2,981,505)
<b>Total financial assets available within one year</b>	<u>\$ 15,185,486</u>	<u>\$ 13,734,645</u>

Philabundance looks to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in investments for long-term growth. Significant contributions and government funding are received annually to fund annual operating expenses

**4. Endowment and Investments**

Investments consist of the following at June 30, 2025:

	<b>Cost</b>	<b>Fair Value</b>
Exchange-traded funds	\$ 93,612	\$ 140,617
Equity mutual funds	1,074,432	3,048,986
Fixed income mutual funds	429,256	345,035
Preferred stock	1,000	1,000
	<u>\$ 2,440,800</u>	<u>\$ 3,535,638</u>

Investments consist of the following at June 30, 2024:

	<b>Cost</b>	<b>Fair Value</b>
Certificates of deposit	\$ 8,971	\$ 8,833
Exchange-traded funds	93,612	122,637
Equity mutual funds	1,074,432	2,652,342
Fixed income mutual funds	429,256	387,293
Preferred stock	1,000	1,000
	<u>\$ 1,607,271</u>	<u>\$ 3,172,105</u>

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

Investment income consists of the following for the year ended June 30, 2025:

Interest and dividend income	\$ 530,688
Realized gain on sale of investments	17,951
Unrealized gain on investments	384,908
	\$ 933,547

Investment income consists of the following for the year ended June 30, 2024:

Interest and dividend income	\$ 537,086
Realized gain on sale of investments	2,355
Unrealized gain on investments	477,266
	\$ 1,016,707

**5. Endowment**

Philabundance's endowment consists of a fund restricted in perpetuity to continue the purpose of the Organization. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Philabundance considers the following factors when making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of Philabundance and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income, and the appreciation of investments and the investment policies of Philabundance.

In addition, Philabundance is guided in its total return policy by Commonwealth of Pennsylvania Act 141, which dictates the amount of allowable distributions to be made from a restricted endowment. The act states that the annual distribution cannot exceed 7% of the principal (value of the principal is the fair market value of the endowment assets averaged over a period of three or more preceding years).

Philabundance's endowment funds at June 30, 2025 consist of a general endowment of \$1,429,651 Giant endowment of \$946,179 and PCK endowment of \$304,112. Philabundance's endowment funds at June 30, 2024 consist of a general endowment of \$1,087,418, Giant endowment of \$1,006,509, and PCK endowment of \$323,959. Income from the Giant and PCK endowments is restricted for specific purposes and is therefore not available for general expenditure.

Endowment activity for the year ended June 30, 2025 is as follows:

	Without Donor Restrictions		With Donor Restrictions		Total
July 1, 2024	\$ 901,683	\$	1,516,205	\$	2,417,888
Investment income	24,492		21,335		45,827
Net realized and unrealized gain	194,337		168,445		362,782
Distribution/releases	(75,501)		(71,054)		(146,555)
<b>June 30, 2025</b>	<b>\$ 1,045,011</b>	<b>\$</b>	<b>1,634,931</b>	<b>\$</b>	<b>2,679,942</b>

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

Endowment activity for the year ended June 30, 2024 is as follows:

	<b>Without</b>		<b>With</b>	
	<b>Donor Restrictions</b>		<b>Donor Restrictions</b>	<b>Total</b>
July 1, 2023	\$ 712,570	\$	1,357,722	\$ 2,070,292
Investment income	23,488		20,449	43,937
Net realized and unrealized gain	242,072		209,536	451,608
Distribution/releases	(76,447)		(71,502)	(147,949)
<b>June 30, 2024</b>	<b>\$ 901,683</b>	<b>\$</b>	<b>1,516,205</b>	<b>\$ 2,417,888</b>

**6. Contributions Receivable**

Contributions receivable are due as follows for the year ending June 30, 2025:

	<b>2025</b>
2026	\$ 833,499
2027	650,000
	<u>1,483,499</u>
Less: Discount to net present value	(52,693)
	<u>\$ 1,430,806</u>

Contributions receivable are due as follows for the year ending June 30, 2024:

	<b>2024</b>
2025	\$ 185,500
2026	236,000
	<u>421,500</u>
Less: Discount to net present value	(52,693)
	<u>\$ 368,807</u>

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**7. Fair value**

The following table summarizes the assets that have been accounted for at fair value on a recurring basis as of June 30, 2025:

	2025			
	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$ 140,617	\$ -	\$ -	\$ 140,617
<b>Marketable securities</b>				
Equity mutual funds	3,048,986	-	-	3,048,986
Fixed income mutual funds	345,035	-	-	345,035
Preferred stock	1,000	-	-	1,000
<b>Total investments</b>	<b>3,535,638</b>	<b>-</b>	<b>-</b>	<b>3,535,638</b>
Beneficial interest	-	-	20,097	20,097
	<b>\$ 3,535,638</b>	<b>\$ -</b>	<b>\$ 20,097</b>	<b>\$ 3,555,735</b>

The following table summarizes the assets that have been accounted for at fair value on a recurring basis as of June 30, 2024;

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 9,069,200	\$ -	\$ -	\$ 9,069,200
Certificates of deposit	8,833	-	-	8,833
Exchange-traded funds	122,637	-	-	122,637
<b>Marketable securities</b>				
Equity mutual funds	2,652,342	-	-	2,652,342
Fixed income mutual funds	387,293	-	-	387,293
Preferred stock	1,000	-	-	1,000
<b>Total investments</b>	<b>12,241,305</b>	<b>-</b>	<b>-</b>	<b>12,241,305</b>
Beneficial interest	-	-	18,625	18,625
	<b>\$ 12,241,305</b>	<b>\$ -</b>	<b>\$ 18,625</b>	<b>\$ 12,259,930</b>

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**8. Property and Equipment**

Property and equipment consist of the following at June 30, 2025:

	<u>2025</u>	<u>2024</u>
Land	\$ 1,222,831	\$ 1,222,831
Buildings and improvements	19,755,398	19,672,173
Furniture and fixtures	2,432,521	2,400,029
Equipment	1,437,334	1,437,334
Computer hardware and software	1,235,595	1,235,595
Vehicles	1,916,372	1,822,982
Construction in progress	46,000	-
	<u>28,046,051</u>	<u>27,790,944</u>
Less: Accumulated depreciation	(11,644,844)	(9,615,667)
	<u>\$ 16,401,207</u>	<u>\$ 18,175,277</u>

Depreciation expense totaled \$2,032,140 and \$2,358,719 for the years ended June 30, 2025 and 2024, respectively.

**9. Beneficial Interest**

During the year ended September 30, 2003, Philabundance transferred \$10,000 of unrestricted funds to The Philadelphia Foundation (a community foundation). Under the terms of the organizational endowment fund agreement, the community foundation will provide an annual distribution to Philabundance as long as Philabundance maintains its present 501(c)(3) status. Accordingly, the projected income is classified as part of net assets without donor restrictions at June 30, 2025 and 2024. Given the nature of the promises, as well as the inability to compute the present value of the income stream, the beneficial interest has been recorded on the consolidated statement of financial position at the market value of Philabundance's proportionate share. The value of the beneficial interest was \$20,097 and \$18,625 as of June 30, 2025 and 2024, respectively. The activity in the beneficial interest is recorded in the consolidated statement of activities and changes in net assets as a change in net assets without donor restrictions for the year ended June 30, 2025 and 2024.

**10. Long-Term Debt**

**Self-Amortizing Long-Term Debt - PCK 2.0**

On April 23, 2019, Philabundance entered into an agreement with Philadelphia Redevelopment Authority to borrow a sum not to exceed \$4,000,000 for the new construction of a building as well as \$679,999 for the acquisition of land located at 2224-38 N. 10th Street, Philadelphia, Pennsylvania. The construction loan consists of \$2,500,000 funded through Community Development Block Grant funds from the U.S. government and \$1,500,000 funded under the Choice Neighborhoods Initiative Implementation grants.

The land and building are to be used to provide culinary arts job training programs to students at least 51% of whom are low- to moderate-income persons. The term of the construction loan will be for a 25-year period commencing as of the date of the agreement. The loan bears no interest. Beginning on the 21st anniversary of the agreement until the end of the term of the loan, the principal balance of the loan shall be reduced without payment by an amount equal to 20% of the original principal amount of the loan, provided Philabundance complies with the terms and conditions of the agreement.

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

The term of the land acquisition loan will be for a 10-year period commencing on the date of completion of the construction of the project. Beginning on the fifth anniversary of the construction completion and for each successive annual anniversary until the end of the term of the loan, the principal balance of the loan shall be reduced without payment by an amount equal to \$113,333, provided Philabundance complies with the terms and conditions of the agreement. It is Philabundance's intention to comply with the terms and conditions of the long-term debt agreements; therefore, there are no principal amounts due in the next five years.

The future scheduled forgiveness of long-term debt are as follows:

2026	\$	-
2027		113,333
2028		113,333
2029		113,333
Thereafter		4,113,334
	\$	<u>4,453,333</u>

**11. Leases**

Philabundance leases a warehouse space, vehicles, and office equipment under operating leases, which have a noncancelable term exceeding one year. The operating leases expire at various dates through 2027 and provide for renewal options ranging from 3 to 5 years.

The renewal options have not been included in the lease liability calculation, since it is not reasonably certain that they will be exercised, based on general uncertainties that come with the passage of time.

Because the rates implicit in the leases are generally not available, Philabundance utilizes risk-free interest rates in estimating the net present value of future cash flows under the various lease agreements.

The consolidated statement of financial position includes operating lease right-of-use assets and liabilities at June 30, 2025 and 2024, as follows:

	<u>2025</u>	<u>2024</u>
Operating lease right-of-use assets, gross	\$ 5,865,580	\$ 6,936,983
Less: Accumulated amortization of right-of-use assets	(3,734,860)	(3,954,947)
<b>Total operating lease right-of-use assets, net</b>	<u>\$ 2,130,720</u>	<u>\$ 2,982,036</u>
Current portion of operating lease liabilities	\$ 1,364,200	\$ 1,210,561
Long-term operating lease liabilities	907,423	1,971,201
<b>Total operating lease liabilities</b>	<u>\$ 2,271,623</u>	<u>\$ 3,181,762</u>

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30:

2026	\$	1,364,200
2027		931,891
		<u>2,296,091</u>
Less: Imputed interest		(24,468)
<b>Lease liabilities - operating at June 30, 2025</b>	\$	<u>2,271,623</u>

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

Total rent expense not only includes expenses associated with the long-term operating leases disclosed above but also short-term and variable payment leases that have not been recorded as ROU assets and lease liabilities.

Cash paid in the measurement of operating leases totaled \$1,305,812 and \$1,199,124 for the years ended June 30, 2025 and 2024.

The following table summarizes the composition of lease expense for the years ended June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Operating lease expense	\$ 1,322,128	\$ 1,266,015
Short-term lease expense	104,224	248,684
<b>Total lease expense</b>	<b>\$ 1,426,352</b>	<b>\$ 1,514,699</b>

	<b>2025</b>	<b>2024</b>
Cash paid for amounts included in the measurement of lease liabilities	\$ 1,305,812	\$ 1,199,124

The following table summarizes the weighted-average remaining lease terms and weighted-average discount rate related to the Philabundance's operating leases recorded on the consolidated statement of financial position as of June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
<b>Weighted-average remaining lease term (years):</b>		
Operating leases	1.19	1.85
<b>Weighted-average discount rate (%):</b>		
Operating leases	1.04%	0.66%

**12. Retirement Plans**

Philabundance has a qualified retirement plan under IRC Section 403(b) covering eligible employees. Philabundance provides a 50% employer match on voluntary employee contributions for up to 4% of the employee's salary. In addition, Philabundance contributes 1% of each employee's salary amount. These contributions are made after each payroll. Total contribution to the plan was \$174,600 and \$176,568 for the years ended June 30, 2025 and 2024.

**13. Self Insurance**

Philabundance is self-insured for medical claims. At June 30, 2025, the total number of individuals covered by the self-insurance plan was 135. The specific deductible for the plan is \$65,000 per person with no cap on the number of individuals for which the stop loss reimbursement would be covered. The point aggregate stop loss coverage would reimburse on an aggregate level up to the maximum aggregate benefit of \$1,000,000. Self-insurance claims filed and claims incurred but not reported are accrued based on management's estimates of the ultimate cost for self-insurance claims based upon information provided by the insurance company and historical data available. The accrual for self-insurance for medical claims is included in the accounts payable and accrued expenses line within the statement of net position – regulatory basis. The accrual for medical claims amounted to approximately \$128,000 as of June 30, 2025. Although management believes it has the ability to reasonably estimate losses related to claims, it is possible that actual results could differ from recorded self-insurance liabilities.

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**14. Net Assets**

Components of consolidated net assets with donor restrictions at June 30, 2025 and 2024 are as follows:

	<b>2025</b>	<b>2024</b>
<b>Subject to expenditure for specific purpose</b>		
Building	\$ 210,657	\$ 240,242
Children and seniors	480,831	417,683
Disaster relief	54,722	54,722
Emergency relief	25,100	25,100
Other programs	485,303	535,114
	<u>1,256,613</u>	<u>1,272,861</u>
<b>Subject to passage of time</b>		
For periods after June 30	1,483,499	421,500
<b>Investments in perpetuity</b>		
Children	600,000	600,000
Philabundance Community Kitchen	252,500	252,500
General operations	434,645	434,644
	<u>\$ 4,027,257</u>	<u>\$ 2,981,505</u>
<b>Net assets released from restrictions</b>		
Building	-	45,416
Children and seniors	1,157,195	818,610
Other programs	2,922,540	2,548,693
	<u>\$ 4,079,735</u>	<u>\$ 3,412,719</u>

**15. In-Kind Donations**

Entities receiving contributions are to recognize them at the estimated fair value of the assets received. The estimated fair value of donated food is based on the average wholesale value per pound of donated product type as determined by an independent annual survey commissioned by Feeding America, a national hunger relief, public policy, and advocacy organization.

<b>Nonfinancial Contribution</b>	<b>Valuation</b>	<b>2025</b>	<b>2024</b>
Food	U.S. wholesale prices, similar products, or government valuation.	\$ 68,913,698	\$ 74,609,053
Gift cards and store credit	Based on value of gift cards and store credits received.	159,940	298,647
Media	Based on value provided with third party estimated billing rates.	31,519	-
Equipment and supplies	Based on estimated value for similar products.	136,503	88,189
Other	Based on estimated purchase value of items received.	37,964	114,694
		<u>\$ 69,279,624</u>	<u>\$ 75,110,583</u>

**Philabundance**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**16. Subsequent Events**

Philabundance has evaluated subsequent events occurring after the consolidated statement of financial position date through February 17, 2026, which is the date the consolidated financial statements were available to be issued. Based upon this evaluation, Philabundance has determined that no subsequent events have occurred, which require disclosure in or adjustment to the consolidated financial statements.

## **Supplementary Information**

**Philabundance**  
**City of Philadelphia, Office of Supporting Housing**  
**Contract Number 2220091-04**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues**  
**Year Ended June 30, 2025**

BUDGET CATEGORIES	1 AGENCY TOTAL CONTRACT EXPENDITURES	2 ADJUSTMENTS	3 AMOUNT PER AUDIT
<b>PERSONNEL SERVICES</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Personnel Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OPERATING EXPENSES</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FIXED ASSETS</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Fixed Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Philabundance**  
**City of Philadelphia, Office of Supporting Housing**  
**Contract Number 2220091-04**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues (Continued)**  
**Year Ended June 30, 2025**

BUDGET CATEGORIES	AGENCY TOTAL CONTRACT EXPENDITURES	ADJUSTMENTS	AMOUNT PER AUDIT
<b>ADMINISTRATIVE COSTS</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Administrative Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>PARTICIPANTS</b>			
Food and related fees	\$ 257,334	\$ -	\$ 257,334
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Participants</b>	<b>\$ 257,334</b>	<b>\$ -</b>	<b>\$ 257,334</b>
<b>OSH CONTRACT BUDGET/EXPENDITURES</b>	<b>\$ 257,334</b>	<b>\$ -</b>	<b>\$ 257,334</b>
Client fees	\$ -	\$ -	\$ -
City of Philadelphia	257,334	-	257,334
Total funding	\$ 257,334	\$ -	\$ 257,334
Excess of expenditures over funding sources	\$ -	\$ -	\$ -

**Philabundance**  
**City of Philadelphia, Office of Supporting Housing**  
**Contract Number 2220091-04**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues (Continued)**  
**Year Ended June 30, 2025**

Contract Categories	Cumulative Expenses					Other Adjustments					Remaining Balance				
	Supportive Services	Admin Costs	Leasing	ASH Match	Total	Supportive Services	Admin Costs	Leasing	ASH Match	Total	Supportive Services	Admin Costs	Leasing	ASH Match	Total
Direct personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	257,334	-	-	-	257,334	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating subtotal	257,334	-	-	-	257,334	-	-	-	-	-	-	-	-	-	-
Audit costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract total	<u>\$ 257,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Philabundance**  
**City of Philadelphia, Office of Homeless Services**  
**Contract Number 2420284-1**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues**  
**Year Ended June 30, 2025**

BUDGET CATEGORIES	1 AGENCY TOTAL CONTRACT EXPENDITURES	2 ADJUSTMENTS	3 AMOUNT PER AUDIT
<b>PERSONNEL SERVICES</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Personnel Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OPERATING EXPENSES</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FIXED ASSETS</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Fixed Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Philabundance**  
**City of Philadelphia, Office of Homeless Services**  
**Contract Number 2420284-1**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues (Continued)**  
**Year Ended June 30, 2025**

BUDGET CATEGORIES	AGENCY TOTAL CONTRACT EXPENDITURES	ADJUSTMENTS	AMOUNT PER AUDIT
<b>ADMINISTRATIVE COSTS</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Administrative Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>PARTICIPANTS</b>			
Food and related fees	\$ 245,000	\$ -	\$ 245,000
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Participants</b>	<b>\$ 245,000</b>	<b>\$ -</b>	<b>\$ 245,000</b>
<b>OSH CONTRACT BUDGET/EXPENDITURES</b>	<b>\$ 245,000</b>	<b>\$ -</b>	<b>\$ 245,000</b>
Client fees	\$ -	\$ -	\$ -
City of Philadelphia	245,000	-	245,000
Total funding	<b>\$ 245,000</b>	<b>\$ -</b>	<b>\$ 245,000</b>
Excess of expenditures over funding sources	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Philabundance**  
**City of Philadelphia, Office of Homeless Services**  
**Contract Number 2420284-1**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues (Continued)**  
**Year Ended June 30, 2025**

Contract Categories	Cumulative Expenses					Other Adjustments					Remaining Balance				
	Supportive Services	Admin Costs	Leasing	ASH Match	Total	Supportive Services	Admin Costs	Leasing	ASH Match	Total	Supportive Services	Admin Costs	Leasing	ASH Match	Total
Direct personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	245,000	-	-	-	245,000	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating subtotal	245,000	-	-	-	245,000	-	-	-	-	-	-	-	-	-	-
Audit costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract total	<u>\$ 245,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Philabundance**  
**City of Philadelphia, Office of Homeless Services**  
**Contract Number 23-20206-03**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues**  
**Year Ended June 30, 2025**

BUDGET CATEGORIES	1 AGENCY TOTAL CONTRACT EXPENDITURES	2 ADJUSTMENTS	3 AMOUNT PER AUDIT
<b>PERSONNEL SERVICES</b>			
Salaries	\$ 31,865	\$ -	\$ 31,865
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Personnel Services</b>	<b>\$ 31,865</b>	<b>\$ -</b>	<b>\$ 31,865</b>
<b>OPERATING EXPENSES</b>			
Travel and Delivery	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FIXED ASSETS</b>			
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Fixed Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Philabundance**  
**City of Philadelphia, Office of Homeless Services**  
**Contract Number 23-20206-03**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues (Continued)**  
**Year Ended June 30, 2025**

BUDGET CATEGORIES	AGENCY TOTAL CONTRACT EXPENDITURES	ADJUSTMENTS	AMOUNT PER AUDIT
<b>ADMINISTRATIVE COSTS</b>			
Other	\$ 27,324	\$ -	\$ 27,324
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Administrative Costs</b>	<b>\$ 27,324</b>	<b>\$ -</b>	<b>\$ 27,324</b>
<b>PARTICIPANTS</b>			
Food and food supplies	\$ 151,736	\$ -	\$ 151,736
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>SUB-TOTAL: Participants</b>	<b>\$ 151,736</b>	<b>\$ -</b>	<b>\$ 151,736</b>
<b>OSH CONTRACT BUDGET/EXPENDITURES</b>	<b>\$ 210,925</b>	<b>\$ -</b>	<b>\$ 210,925</b>
Client fees	\$ -	\$ -	\$ -
City of Philadelphia	133,376	-	133,376
Total funding	<b>\$ 133,376</b>	<b>\$ -</b>	<b>\$ 133,376</b>
Excess of expenditures over funding sources	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Philabundance**  
**City of Philadelphia, Office of Homeless Services**  
**Contract Number 2320206-03**  
**Reconciliation of Agency Reported Expenditures/Revenues**  
**to Audited Expenditures/Revenues (Continued)**  
**Year Ended June 30, 2025**

Contract Categories	Cumulative Expenses					Other Adjustments					Remaining Balance				
	Supportive Services	Admin Costs	Leasing	ASH Match	Total	Supportive Services	Admin Costs	Leasing	ASH Match	Total	Supportive Services	Admin Costs	Leasing	ASH Match	Total
Direct personnel	\$ 31,865	\$ -	\$ -	\$ -	\$ 31,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	151,736	-	-	-	151,736	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program cost	-	27,324	-	-	27,324	-	-	-	-	-	-	-	-	-	-
Operating subtotal	183,601	27,324	-	-	210,925	-	-	-	-	-	-	-	-	-	-
Audit costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract total	<u>\$ 183,601</u>	<u>\$ 27,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Report 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*

### Independent Auditor's Report

To the Board of Directors of  
Philabundance:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Philabundance (the "Company"), which comprise the statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 17, 2026.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

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

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

### Report on Compliance and Other Matters

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

## Purpose of This Report

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

*WithumSmith+Brown, PC*

February 17, 2026