

SECOND HARVEST OF
THE GREATER VALLEY, INC.
(A NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Second Harvest of the Greater Valley, Inc.
(A Nonprofit Corporation)
Manteca, California

Opinion

We have audited the accompanying financial statements of Second Harvest of the Greater Valley, Inc. (A Nonprofit Corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second Harvest of the Greater Valley, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Second Harvest of the Greater Valley, Inc. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Second Harvest of the Greater Valley, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Second Harvest of the Greater Valley, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Second Harvest of the Greater Valley, Inc.'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025, on our consideration of Second Harvest of the Greater Valley, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Second Harvest of the Greater Valley, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Second Harvest of the Greater Valley, Inc.'s internal control over financial reporting and compliance.

Donated Food Inventory

As discussed in Note 2 to the financial statements, Second Harvest of the Greater Valley, Inc. presents donated food inventory on hand at year-end at a value based on a cost study performed by Feeding America, a nationwide network of food banks. Feeding America limits handling fees that can be charged on food distributed and the inventory value does not represent the amount that may be realized when food inventory is distributed. Our opinion is not modified with respect to that matter.

Schwartz, Giannini, Lantberger & Adamson

Stockton, California
November 7, 2025

SECOND HARVEST OF THE GREATER VALLEY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,812,859	\$ 3,005,590
Deposit	247,366	223,249
Accounts receivable	51,061	113,466
Grant receivable	278,755	400,000
ERC receivable (Note 17)	134,239	520,561
Inventory - donated (Note 12)	1,065,391	1,145,856
Total current assets	<u>4,589,671</u>	<u>5,408,722</u>
Finance lease right-of-use asset, net (Note 11)	57,484	88,892
Operating lease right-of-use asset, net (Note 11)	136,800	-
Property and equipment, net of accumulated depreciation (Note 5)	5,576,454	4,855,835
Investments, at fair value (Notes 6 & 7)	1,824,451	1,682,190
Total assets	<u><u>12,184,860</u></u>	<u><u>12,035,639</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	61,443	48,721
Current portion of long-term debt (Note 9)	48,130	46,361
Finance lease liability - current portion (Note 11)	30,980	31,735
Deferred revenue	16,463	51,309
Accrued expenses	125,129	120,287
Total current liabilities	<u>282,145</u>	<u>298,413</u>
Long-term liabilities		
Long-term debt, less current portion (Note 9)	347,501	395,193
Less: unamortized debt issuance costs, net	(4,690)	(4,690)
Finance lease liability - net of current portion (Note 11)	26,697	57,677
Total long-term liabilities	<u>369,508</u>	<u>448,180</u>
Net assets		
Net assets without donor restrictions		
General	4,193,061	4,109,555
Inventory - donated	1,065,391	1,145,856
Net investment in property and equipment	5,180,823	4,414,281
Total net assets without donor restrictions	<u>10,439,275</u>	<u>9,669,692</u>
Net assets with donor restrictions (Note 13)	1,093,932	1,619,354
Total net assets	<u>11,533,207</u>	<u>11,289,046</u>
Total liabilities and net assets	<u>\$ 12,184,860</u>	<u>\$ 12,035,639</u>

See Notes to Financial Statements.

SECOND HARVEST OF THE GREATER VALLEY, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and grants	\$ 2,564,364	\$ 1,362,789	\$ 3,927,153
In-kind contributions - food products (Note 12)	46,796,374	-	46,796,374
Government grants (Note 10)	-	62,680	62,680
Handling fees	609,780	-	609,780
Special events (net of direct costs of \$135,973)	104,309	-	104,309
Investment returns, net (Note 6)	195,619	-	195,619
Other income (Note 17)	105,435	-	105,435
Net assets released from restrictions	1,950,891	(1,950,891)	-
Total public support and revenue	<u>52,326,772</u>	<u>(525,422)</u>	<u>51,801,350</u>
EXPENSES			
Program services			
Senior Brown Bag	2,952,731	-	2,952,731
Food assistance	40,806,561	-	40,806,561
Fresh Food 4 Kids	3,102,056	-	3,102,056
Mobile Fresh	3,723,244	-	3,723,244
Total program services	<u>50,584,592</u>	<u>-</u>	<u>50,584,592</u>
Supporting services			
Management and general	533,441	-	533,441
Fundraising	439,156	-	439,156
Total supporting expenses	<u>972,597</u>	<u>-</u>	<u>972,597</u>
Total expenses	<u>51,557,189</u>	<u>-</u>	<u>51,557,189</u>
CHANGE IN NET ASSETS	769,583	(525,422)	244,161
NET ASSETS AT BEGINNING OF YEAR	<u>\$ 9,669,692</u>	<u>\$ 1,619,354</u>	<u>\$ 11,289,046</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 10,439,275</u></u>	<u><u>\$ 1,093,932</u></u>	<u><u>\$ 11,533,207</u></u>

See Notes to Financial Statements.

SECOND HARVEST OF THE GREATER VALLEY, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and grants	\$ 2,505,089	\$ 966,328	\$ 3,471,417
In-kind contributions - food products (Note 12)	47,843,367	-	47,843,367
Government grants (Note 10)	-	37,841	37,841
Handling fees	609,780	-	865,756
Special events (net of direct costs of \$162,314)	155,459	-	155,459
Investment returns, net (Note 6)	296,453	-	296,453
Net assets released from restrictions	731,042	(731,042)	-
Total public support and revenue	<u>52,397,166</u>	<u>273,127</u>	<u>52,670,293</u>
EXPENSES			
Program services			
Senior Brown Bag	3,630,890	-	3,630,890
Food assistance	41,341,140	-	41,341,140
Fresh Food 4 Kids	2,777,894	-	2,777,894
Mobile Fresh	5,149,213	-	5,149,213
Total program services	<u>52,899,137</u>	<u>-</u>	<u>52,899,137</u>
Supporting services			
Management and general	510,812	-	510,812
Fundraising	438,428	-	438,428
Total supporting expenses	<u>949,240</u>	<u>-</u>	<u>949,240</u>
Total expenses	<u>53,848,377</u>	<u>-</u>	<u>53,848,377</u>
CHANGE IN NET ASSETS	(1,451,211)	273,127	(1,178,084)
NET ASSETS AT BEGINNING OF YEAR	<u>11,120,903</u>	<u>1,346,227</u>	<u>12,467,130</u>
NET ASSETS AT END OF YEAR	<u>\$ 9,669,692</u>	<u>\$ 1,619,354</u>	<u>\$ 11,289,046</u>

See Notes to Financial Statements.

SECOND HARVEST OF THE GREATER VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services				Supporting Services				Total
	Senior Brown Bag	Food Assistance	Fresh Food 4 Kids	Mobile Fresh	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries	\$ 99,216	\$ 962,674	\$ 119,329	\$ 159,552	\$ 1,340,771	\$ 343,788	\$ 34,379	\$ 378,167	\$ 1,718,938
Employee benefits	15,879	154,067	19,097	25,535	214,578	55,020	5,502	60,522	275,100
Payroll taxes	7,754	75,223	9,324	12,467	104,768	26,863	2,686	29,549	134,317
Total salaries and benefits	122,849	1,191,964	147,750	197,554	1,660,117	425,671	42,567	468,238	2,128,355
Dues and subscriptions	2,470	35,118	2,349	3,959	43,896	4,877	-	4,877	48,773
Equipment maintenance	13,721	118,095	12,990	10,268	155,074	17,230	-	17,230	172,304
Marketing	1,163	34,735	1,397	1,868	39,163	4,351	-	4,351	43,514
Food purchase	101,736	319,733	66,967	154,243	642,679	-	-	-	642,679
In-kind food donations (Note 12)	2,590,004	38,198,044	2,775,115	3,233,211	46,796,374	-	-	-	46,796,374
Insurance	5,395	43,606	6,389	8,519	63,909	7,101	-	7,101	71,010
Interest	1,209	13,387	1,449	1,935	17,980	2,059	-	2,059	20,039
Meals and entertainment	-	2,118	-	-	2,118	235	-	235	2,353
Office expense	1,908	43,649	27	43	45,627	5,070	-	5,070	50,697
Postage	489	5,067	586	782	6,924	769	-	769	7,693
Printing	289	3,821	347	464	4,921	547	390,891	391,438	396,359
Professional fees	8,479	76,202	9,368	13,156	107,205	11,912	-	11,912	119,117
Property maintenance	1,297	24,428	2,689	3,590	32,004	3,556	-	3,556	35,560
Special events supplies and rent	-	-	-	-	-	-	135,973	135,973	135,973
Seminars	29	5,355	34	45	5,463	607	-	607	6,070
Staff travel	52	10,008	-	-	10,060	1,117	-	1,117	11,177
Supplies - warehouse	38,173	19,576	1,994	2,655	62,398	-	-	-	62,398
Taxes and licenses	8	786	10	13	817	91	-	91	908
Utilities	6,610	57,647	7,870	10,503	82,630	9,181	-	9,181	91,811
Vehicle expense	27,213	160,273	33,563	42,962	264,011	29,335	-	29,335	293,346
Other	381	38,637	427	584	40,029	4,447	-	4,447	44,476
Depreciation and amortization	29,256	404,312	30,735	36,890	501,193	5,285	5,698	10,983	512,176
Total expenses	2,952,731	40,806,561	3,102,056	3,723,244	50,584,592	533,441	575,129	1,108,570	51,693,162
Less special events expenses netted with revenues	-	-	-	-	-	-	(135,973)	(135,973)	(135,973)
Total expenses	\$ 2,952,731	\$ 40,806,561	\$ 3,102,056	\$ 3,723,244	\$ 50,584,592	\$ 533,441	\$ 439,156	\$ 972,597	\$ 51,557,189

See Notes to Financial Statements.

SECOND HARVEST OF THE GREATER VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services				Total
	Senior Brown Bag	Food Assistance	Fresh Food 4 Kids	Mobile Fresh	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries	\$ 121,412	\$ 959,815	\$ 70,228	\$ 194,839	\$ 1,346,294	\$ 345,203	\$ 34,520	\$ 379,723	\$ 1,726,017
Employee benefits	15,590	159,938	9,042	25,084	209,654	53,758	5,376	59,134	268,788
Payroll taxes	10,308	73,143	5,963	16,554	105,968	27,171	2,717	29,888	135,856
Total salaries and benefits	147,310	1,192,896	85,233	236,477	1,661,916	426,132	42,613	468,745	2,130,661
Dues and subscriptions	2,468	34,219	2,278	3,058	42,023	4,669	-	4,669	46,692
Equipment maintenance	12,727	70,962	13,942	19,055	116,686	12,965	-	12,965	129,651
Marketing	1,214	49,487	1,397	1,852	53,950	5,995	-	5,995	59,945
Food purchase	286,292	899,748	188,450	434,050	1,808,540	-	-	-	1,808,540
In-kind food donations (Note 12)	3,058,543	38,103,410	2,376,369	4,305,045	47,843,367	-	-	-	47,843,367
Insurance	4,763	38,713	5,302	7,186	55,964	6,218	-	6,218	62,182
Interest expense	1,585	13,347	1,823	2,418	19,173	2,130	-	2,130	21,303
Meals and entertainment	-	4,214	-	-	4,214	468	-	468	4,682
Office expense	2,015	50,201	1,957	842	55,015	6,113	-	6,113	61,128
Postage	620	4,808	679	930	7,037	782	-	782	7,819
Printing	412	4,012	474	628	5,526	614	389,469	390,083	395,609
Professional fees	10,472	69,512	11,330	15,655	106,969	11,885	-	11,885	118,854
Property maintenance	2,814	28,547	3,409	4,623	39,393	4,377	-	4,377	43,770
Special events supplies and rent	-	-	-	-	-	-	162,314	162,314	162,314
Seminars and training	429	17,174	434	628	18,665	2,074	-	2,074	20,739
Staff travel	-	28,163	-	-	28,163	3,129	-	3,129	31,292
Supplies - warehouse	11,468	20,223	2,667	3,494	37,852	-	-	-	37,852
Taxes and licenses	98	1,354	80	135	1,667	185	-	185	1,852
Utilities	6,136	50,647	6,960	9,315	73,058	3,845	-	3,845	76,903
Vehicle expense	42,905	177,973	45,464	49,027	315,369	9,754	-	9,754	325,123
Other	264	44,819	301	401	45,785	4,081	-	4,081	49,866
Loss on disposal of assets	3,556	40,489	2,721	5,043	51,809	500	588	1,088	52,897
Depreciation and amortization	34,799	396,222	26,624	49,351	506,996	4,896	5,758	10,654	517,650
Total expenses	3,630,890	41,341,140	2,777,894	\$ 5,149,213	52,899,137	510,812	600,742	1,111,554	54,010,691
Less special events expenses netted with revenues	-	-	-	-	-	-	(162,314)	(162,314)	(162,314)
Total expenses	\$ 3,630,890	\$ 41,341,140	\$ 2,777,894	\$ 5,149,213	\$ 52,899,137	\$ 510,812	\$ 438,428	\$ 949,240	\$ 53,848,377

See Notes to Financial Statements.

SECOND HARVEST OF THE GREATER VALLEY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 244,161	\$ (1,178,084)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	512,176	517,650
Loss on sale of property and equipment	-	52,897
Unrealized (gain) on investments	(138,124)	(224,371)
Realized (gain) loss on investments	(2,140)	9,379
Changes in operating assets and liabilities:		
(Increase) decrease in deposit	(24,117)	68,490
(Increase) decrease in accounts receivable	62,405	(30,080)
(Increase) in operating lease right-of-use asset	(136,800)	-
Decrease in ERC receivable	386,322	-
Decrease in grants receivable	121,245	-
Decrease in inventory	80,465	614,310
Increase (decrease) in accounts payable	12,722	(48,138)
(Decrease) in deferred revenue	(34,846)	(14,979)
Increase (decrease) in accrued expenses	4,842	(9,938)
Net cash provided by (used in) operating activities	1,088,311	(242,864)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(887,476)	(733,834)
Proceeds from sale of investments	885,479	208,371
Purchases of property and equipment	(1,201,387)	(543,477)
Net cash (used in) investing activities	(1,203,384)	(1,068,940)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(45,923)	(44,396)
Payments on finance lease liability	(31,735)	(24,096)
Net cash (used in) financing activities	(77,658)	(68,492)
Net (decrease) in cash and cash equivalents	(192,731)	(1,380,296)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,005,590	4,385,886
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,812,859	\$ 3,005,590
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 19,978	\$ 21,301
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY:		
A finance lease obligation was incurred when the organization entered into a lease for new equipment.	\$ -	\$ 56,982

See Notes to Financial Statements.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 1. ORGANIZATION

Second Harvest of the Greater Valley, Inc. (the “Organization”) is a nonprofit public benefit corporation incorporated in the State of California for the purpose of providing food for needy individuals and families in the San Joaquin, Stanislaus, and Mother Lode counties of California.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned rather than when cash is received, and expenses are recognized which the liability is incurred rather than when they are paid. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

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

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all demand deposits, money market funds, and securities with original maturities of three months or less, along with certificates of deposit regardless of term with no material early withdrawal penalties to be cash equivalents.

Deposit

The Organization has a relationship with Raley's through their "Food for Families" program, whereby Raley's customers are able to make donations to the Organization when making purchases at Raley's. The donated funds are held at Raley's on behalf of the Organization, and the funds are reduced each time the Organization purchases eligible food items from Raley's at a wholesale price.

Accounts Receivable

Accounts receivable are stated in the statements of financial position at their estimated realizable value. The Organization uses the allowance method to account for uncollectible accounts receivable. This method provides allowances for uncollectible accounts based on historical experience and management's evaluation of estimated losses that will be incurred in the collection of accounts receivable. No allowance for doubtful accounts was deemed necessary as of June 30, 2025 and 2024.

Grants Receivable

Grants receivable consists of grants from State agencies. The Organization has determined that an allowance for uncollectible amounts is not required as the balance is expected to be fully collected.

Inventory

Inventory consists of donated food and purchased food. For the years ended June 30, 2025 and 2024, donated food inventory on hand is valued at \$1.90 and \$1.97 per pound, respectively. The valuation is based on a cost study conducted by Feeding America, a nationwide network of food banks. Feeding America limits handling fees that can be charged on food distributed. Inventory value does not represent the amount that may be fully realized.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated equipment is recorded at its fair market value at the date of donation and is reported as unrestricted contributions unless the donor has restricted the donated asset to specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation of property and equipment is provided on the straight-line method over the following useful lives:

Building	39 years
Improvements	7-15 years
Office equipment	3-7 years
Warehouse equipment	3-7 years
Vehicles	5-7 years

Investment and Investment Risks

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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

Deferred Revenue

Deferred revenue consists of amounts collected which has not yet been earned. Income is recognized during the period earned.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Compensated Absences

Accumulated paid time off is accrued when incurred.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

A substantial number of volunteers donated significant amounts of their time in the organization's behalf; however, amounts have not been reflected in the statements for donated services since an objective basis is not available to measure the value of such services.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's federal tax returns for 2022, 2023 and 2024 remain open to examination by the Internal Revenue Service; state income tax returns for 2021, 2022, 2023 and 2024 are open to examination. In evaluating the Organization's tax provisions and accruals, the Organization believes that its estimates are appropriate based on current facts and circumstances.

Allocated Expenses

The costs of providing services of the Organization have been summarized on a functional basis in the statements of functional expenses. Management and general expenses have been allocated among the programs based upon an estimation of personnel time and space utilized for the related activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Leases

Effective July 1, 2022, the Organization recognizes and measures its material leases in accordance with ASU 2016-02, *Leases*. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract or when the terms of an existing contract are changed. The Organization recognizes a lease asset for its right to use (ROU) the underlying leased asset and a lease liability for the corresponding lease obligation. The right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

In determining the present value of lease payments, the Organization uses as a discount rate the implicit rate if it is readily determinable, otherwise the Organization uses an estimate of its incremental borrowing rate. The incremental borrowing rate for a lease is the rate of interest the Organization would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), and, if any, the following: plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The Organization considers the lease term to be the noncancelable period that it has to use the underlying asset.

In accordance with ASU 2016-02, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

NOTE 3. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 7, 2025, the date the financial statements were available to be issued.

NOTE 4. PROGRAM SERVICES

Second Harvest of the Greater Valley, Inc. serves a seven county area in San Joaquin, Stanislaus, and the Mother Lode Counties that have an acute need for hunger relief services.

The Food Assistance Program provides supplemental groceries to people in need, through partnership with non-profit agencies and partner distribution organizations. Emergency food assistance can be obtained through a food pantry at the Organization and food pantries at other partner agencies.

The Mobile Fresh Program provides supplemental groceries at off-site locations to low-income in need participants in low-income neighborhoods.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 4. PROGRAM SERVICES (CONTINUED)

The Senior Brown Bag Program provides supplemental groceries to low-income seniors at sites in San Joaquin County.

The Fresh Food 4 Kids Program provides supplemental groceries to low-income children through drive-through or walk-up distribution at school sites.

NOTE 5. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Land and building	\$ 5,178,302	\$ 5,178,302
Office equipment	189,435	189,435
Warehouse equipment	673,826	630,145
Vehicles	979,399	1,243,450
Construction-in-progress	1,501,096	343,390
	<u>8,522,058</u>	<u>7,584,722</u>
Less accumulated depreciation	(2,945,604)	(2,728,887)
	<u>\$ 5,576,454</u>	<u>\$ 4,855,835</u>

NOTE 6. INVESTMENTS

Investments consist of equity and fixed income securities recorded at market value of \$1,824,451 and \$1,682,190 at June 30, 2025 and 2024, respectively. Investment returns for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 69,983	\$ 91,927
Net realized gain (loss)	2,140	(9,379)
Net unrealized gain	138,124	224,371
Investment expense	(14,628)	(10,466)
	<u>\$ 195,619</u>	<u>\$ 296,453</u>
Total investment returns, net	<u>\$ 195,619</u>	<u>\$ 296,453</u>

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 7. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements* (“ASC 820”), is the framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The Organization’s investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

Equity and fixed income securities are measured at quoted market prices for identical assets (Level 1). There have been no changes in the methodologies used during the year ended June 30, 2025.

The table below presents the balance of assets measured at fair value at June 30, 2025 and 2024.

June 30, 2025	<u>Fair Value</u>	<u>(Level 1)</u>
Mutual funds	\$ 396,093	\$ 396,093
Stocks and ADRs	841,705	841,705
Exchange traded funds	54,974	54,974
Government bonds	531,679	531,679
	<u>\$ 1,824,451</u>	<u>\$ 1,824,451</u>
June 30, 2024	<u>Fair Value</u>	<u>(Level 1)</u>
Mutual funds	\$ 527,115	\$ 527,115
Stocks and ADRs	494,356	494,356
Exchange traded funds	151,533	151,533
Government bonds	509,186	509,186
	<u>\$ 1,682,190</u>	<u>\$ 1,682,190</u>

NOTE 8. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in various financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025 and 2024, the Organization's cash balances exceeded the FDIC insured limit. The Organization performs ongoing evaluations of the commercial banks to limit its concentration of risk exposure.

NOTE 9. LONG-TERM DEBT

The Organization has a note payable to Farmers & Merchant Bank. The loan bears interest at a fixed rate of 3.75% and calls for monthly principal and interest payments of \$5,179 which commenced October 5, 2020. The note is secured by a first lien on real estate property located at 1220 Vanderbilt Circle, Manteca. The loan matures on September 5, 2030, at which time all unpaid principal and interest shall be due and payable in full. Total due on this note was \$395,631 and \$441,554 at June 30, 2025 and 2024, respectively.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 9. LONG-TERM DEBT (CONTINUED)

Future maturities of long-term debt at June 30, 2025, are as follows:

2026	\$	48,130
2027		49,966
2028		51,872
2029		53,851
2030		55,905
Thereafter		135,907
		<u>395,631</u>
Less: unamortized debt issuance costs		(4,690)
	\$	<u><u>390,941</u></u>

Financing fees of \$6,543 were incurred in obtaining the building loan. These fees are being amortized on a straight-line basis over the term of the loan.

NOTE 10. GOVERNMENT GRANTS

The Organization received federal grants directly and passed through (sub-recipient) from local government agencies during the years ended June 30, 2025 and 2024, as follows:

Granting Agency	2025	2024
City and County CDBG Grants	\$ 62,680	\$ 37,841

NOTE 11. LEASES

Effective July 1, 2022, the Organization adopted ASU 2016-02 “Leases”, resulting in the recording of a \$73,356 Right-of-Use (ROU) asset and an offsetting lease liability, related to various material lease commitments for equipment into which the Organization has entered. Subsequent additions to the ROU asset and liability total \$56,982 as of June 30, 2024. In accordance with ASU 2016-02 “Leases”, these leases, which have an initial term in excess of one year, have been classified as finance leases. During 2025, the Organization entered into a lease agreement for a vehicle which was fully prepaid through a grant funding. Therefore, there is no related lease liability. This lease, which has an initial term in excess of one year, has been classified as an operating lease. The ROU asset recorded for this operating lease was \$182,400. Total lease expense and reduction of the ROU asset associated with this operating lease was \$45,600 during the year ended June 30, 2025.

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 11. LEASES (CONTINUED)

During the year ended June 30, 2025, the Organization recognized expenses associated with the finance lease as follows: Amortization of ROU asset of \$31,408 and interest expense of \$3,750, which are included in the statement of activities under respective program and supporting services.

During the year ended June 30, 2024, the Organization recognized expenses associated with the finance lease as follows: Amortization of ROU asset of \$24,284, and interest expense of \$3,547, which are included in the statement of activities under respective program and supporting services.

Other information related to the finance leases as of June 30, 2025, were as follows:

Supplemental cash flow information:

Cash paid for amounts included in the measurement of lease liabilities:	
Financing cash flows from finance lease	\$31,735
ROU asset obtained in exchange for lease obligation:	\$130,338
Reductions to ROU asset resulting from reductions to lease obligations:	\$72,954
 Remaining lease term:	 3 years
Discount rate:	5%

Future reductions of the lease liability at June 30, 2025, are as follows:

2026	\$	30,980
2027		18,970
2028		7,727
Total	\$	57,677

Future minimum lease payments as of June 30, 2025, are as follows:

2026	\$	33,110
2027		19,848
2028		7,841
Total	\$	60,799

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 12. IN-KIND CONTRIBUTIONS

A substantial amount of food is donated to the Organization. Valuation of food is at its estimated fair market value using studies conducted by Feeding America and regional food banks, who estimate that their contributed foods mix is valued at \$1.90 and \$1.97 per pound for the years ended June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, a total of 24,629,671 pounds worth \$46,796,374 and 24,285,973 pounds worth \$47,843,367, respectively, of food were donated to the Organization, which was then distributed to recipient organizations and individuals through various programs.

NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were \$1,093,932 and \$1,619,354 at June 30, 2025 and 2024, respectively. These funds were restricted for food purchases and building improvements.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Specific purpose:		
Building improvements and equipment	\$ 1,565,992	\$ 435,731
Food purchases and freight	382,895	292,561
Personnel	<u>2,004</u>	<u>2,750</u>
Total net assets released from restrictions	<u>\$ 1,950,891</u>	<u>\$ 731,042</u>

NOTE 14. RELATED PARTY TRANSACTIONS

The Organization paid related parties for vehicle and equipment maintenance, as well as received contributions for special events. Certain board members are affiliated with the business listed below and recuse themselves from voting when issues arise that pertain to the business. Contributions received from the Board of Directors, companies with which the Board of Directors are affiliated, or from Board of Directors' relatives were approximately \$126,340 and \$4,000 for the years ended June 30, 2025 and 2024 respectively. The Organization paid related parties the following during the years ended June 30, 2025 and 2024, respectively:

	<u>2025</u>	<u>2024</u>	<u>Purpose</u>
Watts Equipment Company	\$ 12,372	\$ 14,052	Equip. maintenance/rental

SECOND HARVEST OF THE GREATER VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 15. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and equivalents	\$2,812,859	\$3,005,590
Grants and accounts receivable	329,816	513,466
ERC receivable	134,239	520,561
Investments	<u>1,824,451</u>	<u>1,682,190</u>
Total financial assets	5,101,365	5,721,807
Less amounts not available to be used within one year		
Net assets with donor restrictions	(1,093,932)	(1,619,354)
Financial assets available to meet needs		
for general expenditures within one year	<u>\$4,007,433</u>	<u>\$4,102,453</u>

NOTE 16. ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The FASB Interpretation of ASC 740, "Accounting for Uncertainty in Income Taxes", prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of the Organization has evaluated its uncertain tax position and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. Therefore, these financial statements do not include a liability for unrecognized tax positions. Upon recognition of a liability for an unrecognized tax benefit the Organization would recognize interest accrued in interest expense and penalties in management and general functional expenses.

NOTE 17. EMPLOYEE RETENTION TAX CREDIT

The Organization applied for and recorded a receivable for the Employee Retention Credit (ERC) established by the CARES Act, for a total of \$520,561 during the year ended June 30, 2023. The Organization received \$386,322 of ERC in 2025 and has an outstanding receivable of \$134,239 as at June 30, 2025. Interest received on ERC was \$104,197 which is included in other income on the statement of activities for the year ended June 30, 2025. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have on the Organization.



INDEPENDENT AUDITORS' 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*

To the Board of Directors
Second Harvest of the Greater Valley, Inc.
(A Nonprofit Corporation)
Manteca, California

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 financial statements of Second Harvest of the Greater Valley, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Second Harvest of the Greater Valley, Inc.'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 Second Harvest of the Greater Valley, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Second Harvest of the Greater Valley, Inc.'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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Second Harvest of the Greater Valley, Inc.'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 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.

Schwartz, Giannini, Lantberger & Adamson

Stockton, California
November 7, 2025