

Financial Statements and Report of  
Independent Certified Public  
Accountants

**City Harvest, Inc.**

June 30, 2025 and 2024

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of  
City Harvest, Inc.

**Report on the audit of the financial statements****Opinion**

We have audited the financial statements of City Harvest, Inc. ("City Harvest"), 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 accompanying financial statements present fairly, in all material respects, the financial position of City Harvest 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Harvest 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 City Harvest's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 US GAAS 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 US GAAS, 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 City Harvest'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 City Harvest'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.

*Grant Thornton LLP*

New York, New York  
December 16, 2025

City Harvest, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,633,524	\$ 20,893,976
Contributions receivable - current portion	10,737,605	10,254,787
Grants and awards receivable	1,305,556	1,584,977
Prepaid expenses and other current assets	916,409	1,020,884
	<hr/>	<hr/>
Total current assets	21,593,094	33,754,624
Investments	35,319,481	31,370,993
Inventory	1,469,326	1,406,772
Security deposits	2,866,062	2,713,157
Contributions receivable, net - long-term portion	3,168,027	726,040
Right-of-use asset for finance lease	106,886,238	110,964,513
Right-of-use asset for operating lease	-	277,230
Property and equipment, net	57,339,918	61,803,237
Funds held for others	258,771	255,650
	<hr/>	<hr/>
Total assets	<u>\$ 228,900,917</u>	<u>\$ 243,272,216</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 8,195,106	\$ 9,731,370
Current portion of long term debt	843,750	4,218,750
Deferred revenue	1,967,429	621,030
Current portion of finance lease obligation	3,832,511	3,720,885
Current portion of operating lease obligation	-	353,568
	<hr/>	<hr/>
Total current liabilities	14,838,796	18,645,603
Long term debt	-	843,750
Finance lease obligation	116,940,371	119,015,289
Funds held for others	258,771	255,650
	<hr/>	<hr/>
Total long-term liabilities	117,199,142	120,114,689
	<hr/>	<hr/>
Total liabilities	132,037,938	138,760,292
<b>Net assets</b>		
Without donor restrictions		
Undesignated	52,782,775	66,692,066
Board designated	34,250,321	20,169,557
	<hr/>	<hr/>
Total net assets without donor restrictions	87,033,096	86,861,623
With donor restrictions		
Time restricted	4,058,691	1,915,659
Purpose restricted	5,771,192	15,734,642
	<hr/>	<hr/>
Total net assets with donor restrictions	9,829,883	17,650,301
	<hr/>	<hr/>
Total net assets	96,862,979	104,511,924
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 228,900,917</u>	<u>\$ 243,272,216</u>

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

City Harvest, Inc.

STATEMENTS OF ACTIVITIES

Years ended June 30,

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenues</b>						
Public support						
Contributions						
Donated food (Note 7)	\$ 155,716,879	\$ -	\$ 155,716,879	\$ 140,354,456	\$ -	\$ 140,354,456
Corporations	7,870,951	25,000	7,895,951	7,233,346	70,000	7,303,346
Foundations	9,639,018	3,691,263	13,330,281	9,415,032	1,597,391	11,012,423
Individuals	25,369,985	211,063	25,581,048	23,576,264	10,039,951	33,616,215
Organizations	382,054	10,100	392,154	366,095	-	366,095
Special events (net of direct benefits to donors of \$1,623,886 in 2025 and \$1,600,722 in 2024)	5,639,917	-	5,639,917	6,527,233	-	6,527,233
Total public support	204,618,804	3,937,426	208,556,230	187,472,426	11,707,342	199,179,768
Revenues						
Government grants and awards	4,707,329	526,500	5,233,829	4,360,129	-	4,360,129
Investment income	2,149,499	-	2,149,499	2,067,893	12,754	2,080,647
Other income	35,969	-	35,969	(70,921)	-	(70,921)
Total revenues	6,892,797	526,500	7,419,297	6,357,101	12,754	6,369,855
Net assets released from restrictions	12,044,883	(12,044,883)	-	3,443,907	(3,443,907)	-
Total public support, revenues and net assets released from restrictions	223,556,484	(7,580,957)	215,975,527	197,273,434	8,276,189	205,549,623
<b>Expenses</b>						
Program services						
Emergency food operations	200,963,004	-	200,963,004	182,485,794	-	182,485,794
Other programming	6,813,777	-	6,813,777	5,058,640	-	5,058,640
Total program services	207,776,781	-	207,776,781	187,544,434	-	187,544,434
Supporting services						
Management and general	1,707,913	-	1,707,913	2,287,782	-	2,287,782
Development	14,159,433	-	14,159,433	14,778,918	-	14,778,918
Total supporting services	15,867,346	-	15,867,346	17,066,700	-	17,066,700
Total expenses	223,644,127	-	223,644,127	204,611,134	-	204,611,134
Change in net assets before effect of non-operating activity and donated services	(87,643)	(7,580,957)	(7,668,600)	(7,337,700)	8,276,189	938,489
<b>Non-operating activity</b>						
Capital campaign revenue (Note 3)	-	19,655	19,655	4,372,329	234,164	4,606,493
Capital campaign release from restriction	259,116	(259,116)	-	-	-	-
Total non-operating activity	259,116	(239,461)	19,655	4,372,329	234,164	4,606,493
Donated services and supplies - revenue	2,277,401	-	2,277,401	2,531,126	-	2,531,126
Donated services and supplies - expenses	(2,277,401)	-	(2,277,401)	(2,531,126)	-	(2,531,126)
<b>CHANGE IN NET ASSETS</b>	171,473	(7,820,418)	(7,648,945)	(2,965,371)	8,510,353	5,544,982
Net assets, beginning of year	86,861,623	17,650,301	104,511,924	89,826,994	9,139,948	98,966,942
Net assets, end of year	\$ 87,033,096	\$ 9,829,883	\$ 96,862,979	\$ 86,861,623	\$ 17,650,301	\$ 104,511,924

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

City Harvest, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2025, with comparative information for 2024

	Program Services			Supporting Services			Total Expenses	
	Emergency Food Operations	Other Programming	Total	Management and General	Development	Total	2025	2024
	Salaries	\$ 9,502,715	\$ 3,533,924	\$ 13,036,639	\$ 587,262	\$ 6,410,011	\$ 6,997,273	\$ 20,033,912
Employee benefits and payroll taxes	2,787,540	930,077	3,717,617	125,115	1,417,096	1,542,211	5,259,828	5,083,538
Food distributed	158,074,764	-	158,074,764	-	-	-	158,074,764	141,692,997
Food transportation and distribution	15,563,638	-	15,563,638	-	-	-	15,563,638	13,634,725
Food packaging supplies	355,439	-	355,439	-	17,732	17,732	373,171	211,143
Communication, printing and postage	87,141	40,261	127,402	25,123	1,245,558	1,270,681	1,398,083	1,403,864
Rent, utilities and cleaning	1,477,011	248,885	1,725,896	173,467	393,942	567,409	2,293,305	2,417,490
Promotion	21,091	12,556	33,647	8,962	1,099,967	1,108,929	1,142,576	1,256,533
Computer support	423,609	96,543	520,152	124,541	366,963	491,504	1,011,656	942,396
Professional fees	855,113	372,924	1,228,037	327,619	1,855,022	2,182,641	3,410,678	4,281,847
Grant expense	-	754,856	754,856	-	-	-	754,856	762,336
Office supplies and miscellaneous	2,239,928	365,805	2,605,733	195,110	768,358	963,468	3,569,201	2,862,542
Interest on finance lease	1,376,871	109,722	1,486,593	48,490	126,393	174,883	1,661,476	1,689,848
Provision for bad debt	162,674	53,479	216,153	55,902	95,034	150,936	367,089	238,275
Total expenses before depreciation and amortization and donated services	192,927,534	6,519,032	199,446,566	1,671,591	13,796,076	15,467,667	214,914,233	195,888,550
Depreciation and amortization	8,035,470	294,745	8,330,215	36,322	363,357	399,679	8,729,894	8,722,584
Donated services and supplies	56,039	18,423	74,462	20,540	2,182,399	2,202,939	2,277,401	2,531,126
Total expenses	\$ 201,019,043	\$ 6,832,200	\$ 207,851,243	\$ 1,728,453	\$ 16,341,832	\$ 18,070,285	\$ 225,921,528	\$ 207,142,260

The accompanying notes are an integral part of this financial statement.

City Harvest, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2024

	Program Services			Supporting Services			Total Expenses 2024
	Emergency Food Operations	Other Programming	Total	Management and General	Development	Total	
Salaries	\$ 10,246,190	\$ 2,324,854	\$ 12,571,044	\$ 808,027	\$ 6,031,945	\$ 6,839,972	\$ 19,411,016
Employee benefits and payroll taxes	2,940,117	630,362	3,570,479	167,329	1,345,730	1,513,059	5,083,538
Food distributed	141,692,997	-	141,692,997	-	-	-	141,692,997
Food transportation and distribution	13,634,725	-	13,634,725	-	-	-	13,634,725
Food packaging supplies	197,070	-	197,070	-	14,073	14,073	211,143
Communication, printing and postage	93,986	22,804	116,790	27,947	1,259,127	1,287,074	1,403,864
Rent, utilities and cleaning	1,408,480	206,337	1,614,817	326,986	475,687	802,673	2,417,490
Promotion	29,614	23,847	53,461	23,579	1,179,493	1,203,072	1,256,533
Computer support	399,635	60,234	459,869	136,825	345,702	482,527	942,396
Professional fees	1,032,845	302,217	1,335,062	270,729	2,676,056	2,946,785	4,281,847
Grant expense	-	762,336	762,336	-	-	-	762,336
Office supplies and miscellaneous	1,405,582	250,361	1,655,943	211,260	995,339	1,206,599	2,862,542
Interest on finance lease	1,375,411	133,473	1,508,884	73,531	107,433	180,964	1,689,848
Provision for bad debt	113,620	20,567	134,187	43,892	60,196	104,088	238,275
Total expenses before depreciation and amortization and donated services	174,570,272	4,737,392	179,307,664	2,090,105	14,490,781	16,580,886	195,888,550
Depreciation and amortization	7,915,522	321,248	8,236,770	197,677	288,137	485,814	8,722,584
Donated services and supplies	40,068	7,254	47,322	15,480	2,468,324	2,483,804	2,531,126
Total expenses	\$ 182,525,862	\$ 5,065,894	\$ 187,591,756	\$ 2,303,262	\$ 17,247,242	\$ 19,550,504	\$ 207,142,260

The accompanying notes are an integral part of this financial statement.

City Harvest, Inc.

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (7,648,945)	\$ 5,544,982
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization relating to property and equipment	5,004,116	4,981,426
Amortization of right-of-use assets	4,078,275	4,113,403
Donated securities	(2,105,994)	(2,012,229)
Proceeds from the sale of donated securities	2,090,442	2,013,760
Net realized and unrealized gain on investments	(205,446)	(95,608)
Changes in assets and liabilities:		
Contributions receivable	(2,924,805)	5,923,036
Grants receivable	279,421	6,085
Prepaid and other current assets	104,475	(199,276)
Inventory	(62,554)	212,439
Security deposits	(152,905)	(744,213)
Right-of-use asset for operating lease	277,230	1,094,546
Accounts payable and accrued expenses	(1,536,264)	4,169,470
Deferred revenue	1,346,399	250,071
Finance lease obligation	1,757,592	1,749,483
Operating lease obligation	(353,568)	(1,391,251)
Net cash (used in) provided by operating activities	<u>(52,531)</u>	<u>25,616,124</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(540,797)	(6,019,981)
Purchase of securities	(19,649,257)	(16,734,646)
Proceeds from sales of securities	<u>15,921,767</u>	<u>9,074,853</u>
Net cash used in investing activities	<u>(4,268,287)</u>	<u>(13,679,774)</u>
<b>Cash flows from financing activities:</b>		
Repayment of principal on finance lease	(3,720,884)	(3,612,509)
Repayment of principal on long term debt	<u>(4,218,750)</u>	<u>(2,531,250)</u>
Net cash used in financing activities	<u>(7,939,634)</u>	<u>(6,143,759)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(12,260,452)</u>	<u>5,792,591</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>20,893,976</u>	<u>15,101,385</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 8,633,524</u>	<u>\$ 20,893,976</u>
<b>Supplemental disclosures for cash flow information:</b>		
Property and equipment purchases included in accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ (5,144,425)</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 336,605</u>	<u>\$ 1,351,952</u>
Operating cash flows from finance leases	<u>\$ 225,633</u>	<u>\$ 170,216</u>
Financing cash flows from finance leases	<u>\$ 3,720,884</u>	<u>\$ 3,612,509</u>

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

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE 1 - THE ORGANIZATION**

***Organization***

City Harvest, Inc. (“City Harvest”) was incorporated in the State of New York pursuant to the Not-for-Profit Corporation Law in 1983. City Harvest was determined to be a publicly supported organization by the Internal Revenue Service and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and a similar provision under New York State tax laws.

City Harvest is a member of Feeding America, the nationwide network of food banks.

***Nature of Activities***

City Harvest is New York City’s largest food rescue organization, helping to feed the 3 million New Yorkers who are struggling to make ends meet. This year, City Harvest rescued 86.1 million pounds of food and delivered it, free of charge, to hundreds of food pantries, soup kitchens and other community partners across the five boroughs. City Harvest’s programs empower individuals through nutrition education, increase its partners’ capacity, and strengthen the local food system, helping New Yorkers who are experiencing food insecurity to access, afford, and consume nutritious food.

The Company’s principal programs are:

**Emergency Food**

City Harvest was founded on the visionary concept that excess food should feed someone who is hungry rather than be thrown away. With a fleet of 23 trucks, City Harvest rescues food that would otherwise go to waste and delivers it free of charge to community programs that provide nutritious food to New Yorkers in need. City Harvest rescues food from approximately 1,600 donors across the city and country, including farms, grocers, restaurants, and manufacturers. City Harvest focuses on sourcing fresh, local food, and approximately 74% of the food they deliver is produce. Since it was founded in 1982, City Harvest has collected nearly 1.34 billion pounds of food and distributed it to New Yorkers in need across the five boroughs.

**Other Programming**

City Harvest partners with residents, local businesses and non-profit organizations, and other community partners in high-need neighborhoods across New York City to make it easier for New Yorkers experiencing food insecurity to acquire and prepare food that is desired, usable, and nutritious, ensure that there are policies and systems that protect and strengthen local food systems for all New Yorkers, and increase the capacity among individuals and local organizations. City Harvest’s community-tailored programming reaches some 688,406 New Yorkers annually across the five boroughs through its Mobile Markets, food distributions in schools, and nutrition education classes and interventions.

City Harvest works with partners in communities across the city to ensure that residents stay informed about anti-hunger policies and programs, and City Harvest advocates for equity and inclusion in the decision-making process that shapes the local food system. In addition, City Harvest engages elected officials at the city, state and federal levels to help shape policies that address hunger and food insecurity.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Net Asset Classifications***

The accompanying financial statements of City Harvest have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Those standards require that net assets and revenues, gains, expenses and losses be classified as net assets without restrictions or net assets with restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions represent resources that are available in support of operations which includes net assets designated by management to be utilized for restricted purposes.

Net Assets With Donor Restrictions

Includes net assets subject to donor-imposed stipulations that expire with the passage of time or can be fulfilled by actions of City Harvest, pursuant to those stipulations.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes.

***Functional Allocation of Expenses***

The cost of providing City Harvest's various programs and supporting services has been summarized on a functional basis in the accompanying statements of activities. The majority of expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses including depreciation, occupancy, information technology, and administration services have been allocated among program and supporting service classifications using headcount.

Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. The most significant estimates pertain to the valuation of donated food, operating accruals and estimated useful lives of long-lived assets.

***Cash Equivalents***

City Harvest considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

***Investments***

Investments in equity, debt and government-backed securities with readily determined fair values are reported at their fair values, with gains and losses included in the accompanying statements of activities. Net investment income is recorded as a component of net assets without donor restrictions or net assets with donor restrictions in accordance with donor intent.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Donated securities are recorded at their fair values on the dates of receipt. It is City Harvest's policy to sell donated securities immediately and, accordingly, for purposes of the accompanying statements of cash flows, donated securities and the proceeds generated from their sales are included as operating activities.

***Inventory***

Contributed food is valued on a first-in, first-out basis. Public donations are valued based on the five-year weighted-average price per pound as determined by the annual Product Valuation Survey provided by Feeding America. Purchased items are valued at cost (Note 7). Management has determined that no obsolescence reserve was required based on the nature and rapid turnover of City Harvest's inventory at June 30, 2025 and 2024.

***Property and Equipment***

Property and equipment are stated at their costs at the dates of acquisition or at their fair values at the dates of donation. Depreciation is provided using the straight-line method, applied over the assets' estimated useful lives, which range from four to 20 years. Expenditures for leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the estimated useful life of the specific asset or the term of the applicable lease. Equipment acquired under finance lease arrangements is amortized using the straight-line method over the lesser of the lease term or the estimated useful life of the asset.

***Accrued Vacation***

Based on their tenure, City Harvest's employees are entitled to be paid for unused vacation time if they leave City Harvest. Accordingly, at each fiscal year end, City Harvest must recognize a liability for the amount that would be incurred if the employees with such vacation were to leave. At June 30, 2025 and 2024, this accrued vacation obligation was \$563,865 and \$534,819, respectively, and was reported in the accompanying statements of financial position as a component of accrued expenses.

***Revenue Recognition***

City Harvest recognizes revenue from contributions in accordance with Accounting Standards Codification ("ASC") 958-605. In accordance with ASC 958-605, City Harvest evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, City Harvest recognizes revenue as the performance obligations are satisfied in accordance with ASC 606. If the transfer of assets is determined to be a contribution, City Harvest evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before City Harvest is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

**Contributions and Pledges**

Contributions to City Harvest are recognized as revenue upon the receipt of cash or of unconditional pledges. Contributions of marketable securities are recorded at their fair values at the dates of donation. Contributions are reported as net assets with donor restrictions if they are received with purpose restrictions or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of City Harvest's management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Donor-restricted contributions that are received and whose restrictions are met in the same fiscal year are recorded as net assets without donor restrictions. Otherwise, once stipulated time restrictions end or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions as net assets released from restrictions in the accompanying statements of activities.

Grants and Awards

Grants and awards receivable are amounts reimbursable to City Harvest under the terms of client service and other agreements with various governmental agencies. Grants are reported as net assets with donor restrictions if they are received with purpose restrictions or time considerations (barriers) as to their use. Revenues from grants and awards are recognized when costs are incurred or services have been performed and entitlement to revenue is earned. Grants received in advance are recorded as deferred revenue, and revenue is deferred until the related expenses are incurred.

Special Events

A portion of the gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue whereas the other portion serves as the payment of the direct cost of the benefit received by the attendee at the event. Special event income is reported net of the direct benefit to donors. Special event revenues applicable to a current year are recognized as revenue in the year a special event takes place.

Capital Campaign

Contributions related to the capital campaign are recognized as both with and without donor restrictions based on whether the funds are internally designated (without donor restrictions) or raised from donors (with donor restrictions).

***In-Kind Contributions***

City Harvest records donated food, marketable securities, and other noncash donations as contributions at the time of receipt, at their estimated fair values. The fair value of gifts of donated food over which City Harvest has control (i.e., variance power) is reported as public support without donor restrictions and, shortly thereafter, as expense when granted to agencies or other food banks. The estimated fair value of donated food is based upon the five-year average wholesale value of donated product at the national level, as determined by an independent study for applicable food categories for perishable and packaged food received by City Harvest (Note 7). All donated food is used in City Harvest's programs.

***Volunteers***

A number of unpaid volunteers have made significant contributions of their time supporting City Harvest. The value of this contributed time is not recorded in the financial statements because it does not meet the criteria for revenue recognition required by U.S. GAAP.

***Income Taxes***

City Harvest follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

City Harvest is exempt from federal income tax under Section 501(c)(3) of the Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. City Harvest has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated business income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. City Harvest has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, City Harvest has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

***Fair Value Measurements***

City Harvest defines fair value in a way that focuses on an exit price between market participants in an orderly transaction. City Harvest also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument.

***Concentrations of Credit Risk***

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market and credit risk. City Harvest maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. City Harvest's cash accounts are placed with high credit quality financial institutions and, accordingly, City Harvest does not expect nonperformance.

***Leases***

Right-of-use ("ROU") assets are recognized at the lease commencement date and represent City Harvest's right to use an underlying asset for the lease term and lease liabilities represent City Harvest's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. The present value of lease payments is discounted based on the risk-free rate selected that corresponds to the term of the lease.

City Harvest's ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of our ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairment consistent with the long-lived asset guidance.

Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 3 - CONTRIBUTIONS RECEIVABLE, CAPITAL CAMPAIGN, AND RESILIENCY FUND**

***Contributions Receivable***

At each fiscal year end, City Harvest's pledges receivable consisted of the following:

	2025	2024
Gross amounts due in:		
One year	\$ 10,737,605	\$ 10,254,787
One to five years	3,843,000	1,347,591
	14,580,605	11,602,378
Allowance for uncollectible amounts	(494,093)	(541,900)
Discount to present value (rate of 0.67% - 4.425%)	(180,880)	(79,651)
	<b>\$ 13,905,632</b>	<b>\$ 10,980,827</b>

Contributions receivable are nonrecurring fair value measurements. Any multi-year pledges received were recorded at the present value of the expected future cash flows using a credited adjusted discount rate. At June 30, 2025 and 2024, pledge receivables included approximately \$966,000 and \$3,900,000, respectively, related to a capital campaign.

***Capital Campaign***

In the year ended June 30, 2020, City Harvest launched a capital campaign with a goal of raising \$75 million to fund the renovation of City Harvest's new headquarters in Sunset Park, Brooklyn. This new location has allowed City Harvest to unite its food rescue and delivery operations, programming and administrative staff in one space. It has positioned City Harvest to work more efficiently, and scale the organization's capacity to rescue and deliver a greater volume of food, free of charge, to help meet the need for food assistance in New York City for decades to come.

Capital campaign revenue recognized and costs incurred relating to the renovation of and move to City Harvest's new headquarters in the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Capital campaign revenue	\$ 19,655	\$ 4,606,493
Less: costs relating to renovation of and move to new headquarters		
Capitalized renovation costs	(529,332)	(880,553)
Expendable costs	(490,065)	(867,007)
Total costs relating to renovation and move to new headquarters	(1,019,397)	(1,747,560)
Net capital campaign activity	<b>\$ (999,742)</b>	<b>\$ 2,858,933</b>

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

***Resiliency Fund***

During the year ended June 30, 2021, City Harvest launched a Resiliency Fund with a goal of raising \$25 million. This fund is being used to sustain food rescue and delivery operations above pre-pandemic levels, maximize the capacity of the new Sunset Park facility, and position City Harvest to respond to future crises the city may face. Resiliency Fund-related contribution revenues totaled \$3,338,000 and \$4,519,000 during the years ended June 30, 2025 and 2024, respectively.

**NOTE 4 - INVESTMENTS**

At June 30, 2025 and 2024, investments at fair value were comprised of the following:

	2025	2024
Certificate of deposit	\$ 4,000,000	\$ 3,000,000
Money market funds	21,499,390	19,637,462
Equities	197,930	168,245
Government and corporate obligations	6,036,501	5,051,207
Debt securities	3,585,660	3,514,079
Total investments	\$ 35,319,481	\$ 31,370,993

City Harvest follows the Financial Accounting Standards Board ("FASB") standard on fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as certain U.S. Treasury securities, certificates of deposits, and money market funds.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed securities, and corporate debt securities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

At June 30, 2025 and 2024, City Harvest's investments were classified as follows within the fair value hierarchy standard:

	2025			
	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000
Money market funds	21,499,390	-	-	21,499,390
Equities	185,800	12,130	-	197,930
Government and corporate obligations	5,984,886	51,615	-	6,036,501
Debt securities	8,429	3,577,231	-	3,585,660
Total investments	\$ 31,678,505	\$ 3,640,976	\$ -	\$ 35,319,481
	2024			
	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Money market funds	19,637,462	-	-	19,637,462
Equities	156,283	11,962	-	168,245
Government and corporate obligations	-	5,051,207	-	5,051,207
Debt securities	8,052	3,506,027	-	3,514,079
Total investments	\$ 22,801,797	\$ 8,569,196	\$ -	\$ 31,370,993

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

At each fiscal year end, property and equipment, net consisted of the following:

	2025	2024
Transportation vehicles and equipment	\$ 2,194,334	\$ 2,291,289
Furniture and fixtures	2,548,957	2,548,957
Computer equipment	1,252,544	1,252,544
Office equipment	2,340,804	2,340,804
Leasehold improvements	63,788,045	63,258,713
Construction in progress	4,717,285	4,705,820
	76,841,969	76,398,127
Less: accumulated depreciation and amortization	(19,502,051)	(14,594,890)
	\$ 57,339,918	\$ 61,803,237

Depreciation and amortization expense relating to property and equipment for the years ended June 30, 2025 and 2024 were \$5,004,116 and \$4,981,426, respectively.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

At each fiscal year end, net assets with donor restrictions were restricted for the following purposes:

	2025	2024
Restricted as to purpose:		
Emergency food	\$ 200,055	\$ 7,355,026
Food access	275,000	3,140,000
Resiliency fund	5,296,137	5,005,452
Capital campaign	-	234,164
	5,771,192	15,734,642
Time restricted	4,058,691	1,915,659
	\$ 9,829,883	\$ 17,650,301

At June 30, 2025 and 2024, net assets with donor restrictions as to purpose that were also time restricted totaled \$0 and \$8,800,000, respectively.

During each fiscal year, net assets with donor restrictions released from restrictions were due to the following purposes:

	2025	2024
Emergency food	\$ 7,355,027	\$ 480,000
Food access	3,140,000	294,862
Resiliency fund	107,109	989,045
	10,602,136	1,763,907
Time restricted	1,442,747	1,680,000
	\$ 12,044,883	\$ 3,443,907

In fiscal 2025, net assets released from restrictions includes \$9.9 million of donor funds that were reclassified to net assets without donor restrictions based upon the donor's intent.

**NOTE 7 - IN-KIND CONTRIBUTIONS**

Food products are donated to City Harvest by restaurants, corporations and individuals. These food products are subsequently distributed, free of charge, to a network of approximately 400 community food programs. City Harvest also arranges for food from its donors to be distributed directly to other food pantries or directly to agencies. In addition to donations of food products, City Harvest also accepts donations of prepared food and meals. For the years ended June 30, 2025 and 2024, City Harvest reported the value of food based on a five-year average of the annual wholesale values of donated product at the national level, as determined by an independent study, which has been calculated by City Harvest at \$1.87 and \$1.80 per pound, respectively.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

During fiscal years 2025 and 2024, the total pounds and value of food distributed consisted of the following:

	2025		2024	
	Pounds	Value	Pounds	Value
Donated food	83,491,030	\$ 155,716,879	78,115,854	\$ 140,354,456
Purchased food	2,586,681	2,420,439	651,331	1,126,102
Total food contributed	86,077,711	158,137,318	78,767,185	141,480,558
Decrease (increase) in inventory	(25,944)	(62,554)	(25,944)	212,439
Total food distributed	<u>86,051,767</u>	<u>\$ 158,074,764</u>	<u>78,741,241</u>	<u>\$ 141,692,997</u>

In addition, City Harvest received donated services from specialized volunteers, which are recorded in the accompanying financial statements at their approximate fair values based on current rates for similar services, as follows, for the years ended June 30, 2025 and 2024:

	2025	2024
Donated advertising services	\$ 2,149,661	\$ 2,447,097
Donated legal services	127,740	84,029
Total donated services and supplies	<u>\$ 2,277,401</u>	<u>\$ 2,531,126</u>

**NOTE 8 - ENDOWMENT FUND**

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA applies to donor-restricted endowments and, among other things, updates requirements governing investment conduct, expenditure of funds, delegation of management and investment, and release or modification of restrictions. Accounting guidance issued by the FASB addresses the disclosure of endowment funds and addresses the net asset classification of donor-restricted endowment funds for organizations subject to the state enacted Prudent Management of Institutional Funds Act. A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as net assets with donor restrictions as such until appropriated for expenditure. In addition, the FASB issued guidance requiring new disclosures about an organization’s donor-restricted and board-designated endowment funds.

***Interpretation of Relevant Law***

City Harvest’s Board of Directors has interpreted the NYPMIFA as requiring City Harvest, absent explicit donor stipulations to the contrary, to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds, taking into account both its obligations to preserve the value of the endowment and its obligation to use the endowment to achieve the purposes for which it was donated. City Harvest classifies as net assets with donor restrictions (held in perpetuity) (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment required by the applicable donor gift instrument.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

The following table illustrates the composition of City Harvest's donor-restricted endowment fund, which is managed by a donor-designated asset manager, as of June 30, 2025 and 2024:

	2025	2024
Endowment net assets, beginning of year	\$ 260,661	\$ 247,907
Investment return:		
Net realized and unrealized appreciation	5,655	12,754
Endowment net assets, end of year	\$ 266,316	\$ 260,661

Distributions of \$14,711 and \$27,809 were received by City Harvest during the years ended June 30, 2025 and 2024, respectively.

**NOTE 9 - RETIREMENT PLAN**

City Harvest offers a defined contribution plan, as defined in the Code Section 403(b), to all eligible employees who may make voluntary contributions to the plan, up to the maximum amount allowed by the Code. City Harvest contributes an amount equal to 3% of the salary for each employee who has completed one year of service. City Harvest also makes an additional matching contribution for those employees that contribute to the plan. The matching contribution for employees who have completed one year of service is a maximum of 3% of eligible compensation. City Harvest's contribution for fiscal years 2025 and 2024 was approximately \$862,000 and \$780,000, respectively.

**NOTE 10 - LEASES**

***Operating Leases***

In April 2012, City Harvest entered into a 12-year lease for new administrative office space located in Midtown, Manhattan. Such lease does not contain any material residual value guarantees or restrictive covenants. The lease expired in September 2024. The ROU asset and lease obligation were recognized at the present value of the lease payments over the lease term as of July 1, 2020. City Harvest elected to use a risk-free discount rate of 1.64%, which is based on the 10-year Treasury yield curve rate as of the lease commencement date, to determine the present value of the lease payments. Operating lease cost for such lease, which is recognized on a straight-line basis over the lease term, totaled approximately \$278,000 and \$1.1 million for the years ended June 30, 2025 and 2024, respectively.

During the years ended June 30, 2025 and 2024, City Harvest also had effective leases for trucks that had lease terms that were each shorter than 12 months and did not include an option to purchase such trucks. City Harvest elected not to apply the recognition requirements in ASC 842 to such short-term leases and instead recognized the related lease payments as expenses on a straight-line basis over the respective lease term in the period in which the obligation for those payments is incurred.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

The components of operating lease-related expense included in the statement of activities consist of the following for the years ended June 30, 2025 and 2024:

	2025	2024
Short-term leases	\$ 157,186	\$ 245,176
Operating leases	278,197	1,112,790
Total operating lease cost	\$ 435,383	\$ 1,357,966

**Finance Lease**

In fiscal year 2020, City Harvest entered into a 31-year lease for a new warehouse space located in Sunset Park, Brooklyn. This lease commenced in September 2020 and has a remaining term of 26.25 years as of June 30, 2025. Lease terms include a nine-month rent abatement, a landlord allowance toward the cost of work required for City Harvest to receive an amended Certificate of Occupancy, and annual rent escalations. The right to use the space is capitalized as ROU asset for finance lease on the accompanying statement of financial position and amortized over the term of the lease. The corresponding obligation under the finance lease represents the present value of the rental payments. City Harvest elected to use a risk-free discount rate of 1.43%, which is based on the 30-year Treasury yield curve rate as of the lease commencement date, to determine the present value of the lease payments.

Future minimum rent obligations under City Harvest's finance lease as of June 30, 2025 are as follows:

Years Ending June 30,	
2026	\$ 3,832,511
2027	3,947,487
2028	4,065,911
2029	4,187,889
2030	4,313,525
Thereafter	129,417,445
Total minimum lease payments	149,764,768
Less: imputed interest	(27,932,191)
Less: landlord allowance	(1,059,695)
Total finance lease obligation	\$ 120,772,882

The components of finance lease-related expense included in the statement of activities consist of the following for the years ended June 30, 2025 and 2024:

	2025	2024
Amortization of ROU asset for finance lease	\$ 4,113,402	\$ 4,113,402
Interest on finance lease obligation	1,757,593	1,784,613
Total finance lease cost	\$ 5,870,995	\$ 5,898,015

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 11 - LONG TERM DEBT**

In October 2021, City Harvest entered into a new \$13.5 million three-year loan at an annual interest rate of 1.73% with Citibank (the "Loan"). The purpose of the Loan is to pay contracting vendors for costs associated with the renovation of City Harvest's new operating location in Sunset Park, Brooklyn in the period during which payments of pledges from donors are staggered over several years. At June 30, 2025 and 2024, the outstanding balance on the Loan was \$0.85 million and \$5.1 million, respectively. The Loan agreement ends on September 30, 2025.

Future loan payments are comprised of the following:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 843,750	\$ 3,731	\$ 847,481
Total long term debt obligation	<u>\$ 843,750</u>	<u>\$ 3,731</u>	<u>\$ 847,481</u>

Interest expense for the long term debt for the years ended June 30, 2025 and 2024, totaled \$52,000 and \$111,000, respectively, and has been reflected in office supplies and miscellaneous expense on the accompanying statement of functional expenses. As of June 30, 2025, City Harvest is in compliance with all financial covenants.

In fiscal year 2024, City Harvest renewed the uncommitted \$3 million line of credit with Citibank. The line of credit expired in October 2023 and was subsequently renewed with an expiration date of October 21, 2024 and any outstanding balances under the line of credit would accrue interest at the adjusted term SOFR rate plus 35 basis points. The line of credit was renewed with an expiration date of October 31, 2025. No amounts were drawn down during fiscal year 2025.

**NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

City Harvest regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, City Harvest considers all expenditures related to its ongoing activities. City Harvest strives to operate with a balanced budget and anticipates collecting sufficient revenue from contributions, including donated food, individual, foundation, corporate and individuals to cover general expenditures not covered by donor-restricted resources.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

City Harvest's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<u>Financial Assets as of June 30:</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 8,633,524	\$ 20,893,976
Contributions receivable - current portion	10,737,605	10,254,787
Grants and awards receivable	1,305,556	1,584,977
Investments	35,319,481	31,370,993
Total financial assets available within one year	55,996,166	64,104,733
 Less:		
Contractual, legal or donor-imposed restrictions:		
Capital campaign pledge receivables	758,604	3,856,466
Resiliency fund pledge receivables	1,555,868	2,677,309
Cash held for resiliency	6,263,494	9,445,180
Amounts subject to expenditure after one year	2,260,000	8,800,000
Endowment funds maintained in perpetuity	266,316	260,661
Total amounts unavailable to management for general expenditures within one year	11,104,282	25,039,616
Total financial assets available to management for general expenditures within one year	\$ 44,891,884	\$ 39,065,117

**NOTE 13 - SUBSEQUENT EVENTS**

City Harvest evaluated its June 30, 2025 financial statements for subsequent events through December 16, 2025, the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.