

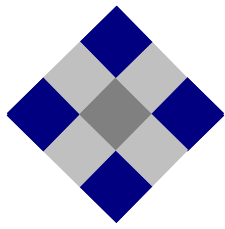
BANCO DE ALIMENTOS PUERTO RICO, INC.

Audited Financial Statements

June 30, 2024 and 2023

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AJ Hernández & Co., CPA, PSC.
Certified Public Accountants & Business Consultants

P.O. Box 191529, San Juan, Puerto Rico 00919-1529
Tel: (787) 758-4416 Fax: (787) 758-4426

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
BANCO DE ALIMENTOS PUERTO RICO, INC.
Carolina, Puerto Rico

Opinion

We have audited the accompanying financial statements of **BANCO DE ALIMENTOS PUERTO RICO, INC.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024, and 2023, and the related statements of activities and changes in net assets, 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 **BANCO DE ALIMENTOS PUERTO RICO, INC.** as of June 30, 2024 and 2023 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 (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 the Organization 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 these 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditor's report that includes our opinion.

INDEPENDENT AUDITORS' REPORT-(CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements, (Continued)

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, including omissions, 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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

San Juan, Puerto Rico
October 9, 2024

Stamp No.
E591516
has been affixed
to the original report.



License No. 194

Expires December 1, 2025

AJ Hernandez, PSC

BANCO DE ALIMENTOS PUERTO RICO, INC.

Statements of Financial Position

As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,636,112	\$ 12,792,505
Accounts Receivable - Trade, Net	94,792	6,123
Inventory	2,924,436	641,493
Investments - Short Term	12,064,912	262
Prepaid Expenses	<u>28,182</u>	<u>26,321</u>
Total Current Assets	16,748,434	13,466,704
Property, Plant and Equipment, Net	5,191,525	4,826,636
Investments - Long Term	247,278	-
Other Restricted Assets:		
Investments in Certificate of Deposit	-	265,787
Deposits	<u>4,869</u>	<u>4,869</u>
Total Assets	<u>\$ 22,192,106</u>	<u>\$ 18,563,996</u>

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

BANCO DE ALIMENTOS PUERTO RICO, INC.

Statements of Financial Position

As of June 30, 2024 and 2023

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
Current Liabilities:		
Accounts Payable - Trade	\$ 246,513	\$ 107,358
Others Payable	21,376	446
Payroll Taxes Payable	186,742	150,477
Accrued Expenses	35,104	21,348
Deferred Income	<u>6,824,132</u>	<u>6,806,901</u>
Total Liabilities	<u>7,313,867</u>	<u>7,086,530</u>
Net Assets:		
Without Donor Restrictions		
Available for Operations	7,486,714	6,385,043
Board-Designated as Reserves for Contingencies and Future Expenditures	2,200,000	265,787
Net Investment in Property and Equipment	<u>5,191,525</u>	<u>4,826,636</u>
Total Net Assets	<u>14,878,239</u>	<u>11,477,466</u>
Total Liabilities and Net Assets	<u>\$ 22,192,106</u>	<u>\$ 18,563,996</u>

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

BANCO DE ALIMENTOS PUERTO RICO, INC.

Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restriction	Total	Without Donor Restrictions	With Donor Restriction	Total
<u>SUPPORT AND REVENUES</u>						
Donated Food and Non-Foods	\$ 41,749,226	\$ -	\$ 41,749,226	\$ 28,008,428	\$ -	\$ 28,008,428
Grants and Contributions	2,200,068	1,928,647	4,128,715	2,644,317	4,002,511	6,646,828
In-kind Donations	-	4,000	4,000	-	4,400	4,400
Shared Maintenance Fees	336,502	-	336,502	390,866	-	390,866
Interest Income	41,704	-	41,704	32,891	-	32,891
Other Revenues	469,704	-	469,704	162,652	-	162,652
	44,797,204	1,932,647	46,729,851	31,239,154	4,006,911	35,246,065
Net Assets Released From Restrictions	1,932,647	(1,932,647)	-	4,006,911	(4,006,911)	-
Total Support and Revenues	46,729,851	-	46,729,851	35,246,065	-	35,246,065
<u>OPERATING AND ADMINISTRATIVE EXPENSES</u>						
Donated Food Distributed and Waste	39,466,282	-	39,466,282	27,825,728	-	27,825,728
Proposal Expense	336,160	-	336,160	2,304,113	-	2,304,113
Salaries, Wages and Payroll Taxes	1,227,707	-	1,227,707	1,219,931	-	1,219,931
Food Purchases and Transportation	669,822	-	669,822	1,231,594	-	1,231,594
Gas and Travel Expenses	133,570	-	133,570	191,633	-	191,633
Supplies	73,960	-	73,960	90,330	-	90,330
Office Expense	8,812	-	8,812	10,199	-	10,199
Professional Services	111,664	-	111,664	104,360	-	104,360
Professional Services - In-Kind	4,000	-	4,000	4,400	-	4,400
Insurance	76,206	-	76,206	66,385	-	66,385
Utilities	113,891	-	113,891	142,935	-	142,935
Depreciation and Amortization	649,959	-	649,959	637,630	-	637,630
Repair and Maintenance	139,659	-	139,659	117,263	-	117,263
Advertising Expenses	230,925	-	230,925	87,654	-	87,654
Other Expenses	86,461	-	86,461	129,758	-	129,758
Total Operating and Administrative Expenses	43,329,078	-	43,329,078	34,163,913	-	34,163,913
Change in Net Assets	3,400,773	-	3,400,773	1,082,152	-	1,082,152
Net Assets at Beginning of Year	11,477,466	-	11,477,466	10,395,314	-	10,395,314
Net Assets at End of Year	<u>\$ 14,878,239</u>	<u>\$ -</u>	<u>\$ 14,878,239</u>	<u>\$ 11,477,466</u>	<u>\$ -</u>	<u>\$ 11,477,466</u>

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

BANCO DE ALIMENTOS PUERTO RICO, INC.

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 3,400,773	\$ 1,082,152
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Bad Debt Expense	3,500	-
Depreciation and Amortization	649,959	637,630
Interest Income on Investments	-	(138)
Interest Income on Certificate of Deposits	-	(298)
Net Realized and Unrealized Gain on Investments	(458,176)	(152,781)
Changes in Assets and Liabilities:		
(Increase) in Accounts Receivable	(92,169)	(1,802)
(Increase) in Inventory	(2,282,943)	(182,701)
(Increase) in Prepaid Expenses	(1,861)	(8,840)
Increase (Decrease) in Accounts Payable - Trade	160,085	(18,419)
Increase in Accrued Payroll Taxes	36,265	96,290
Increase in Accrued Expenses	13,756	12,044
Increase (Decrease) in Deferred Revenues	17,231	(427,959)
Net Cash Provided by Operating Activities	<u>1,446,420</u>	<u>1,035,178</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of Property, Plant and Equipment	(1,014,848)	(553,524)
Withdrawn of Certificate of Deposit	265,787	-
Purchase of Investments	(59,353,340)	-
Proceeds from Investments	47,499,588	-
Withdrawn of Investments	-	749,068
Proceeds Withdrawn	-	152,781
Net Cash (Used) Provided by Investing Activities	<u>(12,602,813)</u>	<u>348,325</u>
Net (Decrease) Increase in Cash	(11,156,393)	1,383,503
Cash at Beginning of Year	<u>12,792,505</u>	<u>11,409,002</u>
Cash at End of Year	<u><u>\$ 1,636,112</u></u>	<u><u>\$ 12,792,505</u></u>

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

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying financial statements include the accounts and transactions of **BANCO DE ALIMENTOS PUERTO RICO, INC.**, (a non-profit organization) (the Organization). The Organization is organized under the laws of the Commonwealth of Puerto Rico in 1988. Its purpose is to distribute food and hygiene products to children, sick and the needy people of Puerto Rico. The Organization is the leading institution in the distribution of food through the collaboration of the food industry and the largest network of nonprofit agencies in Puerto Rico.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Basis of Presentation

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 by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Concentrations of Credit Risk

The Organization maintains cash balances in five (5) checking accounts at two (2) financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a combined total of \$250,000 per institution. As of June 30, 2024, and 2023, the cash balances in these financial institutions have exceeded FDIC insured limits. It is the Organization policy to maintain a minimum of nine (9) months of projected cash operating expenses in reserve.

Accounts Receivable

Receivables are due from individuals, other agencies and organizations and are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on its assessment of the current status of the respective accounts, and using historical experience applied to an aging of accounts receivable. Accounts are written off after reasonable efforts have been made to collect. Management believes all amounts are fully collectible and has not established an allowance as of June 30, 2024, and 2023.

Inventory

Inventory consists of purchased and donated food products for distribution. Purchased food is stated at the lower of cost using first in, first out (FIFO) or net realizable value. Donated food is stated at the approximate average wholesale of one pound based upon a study performed by Feeding America.

Property, Plant and Equipment

Purchased property, plant and equipment are stated at cost and donated assets are valued at their estimated fair value on the date donated. Depreciation is computed using the straight- line method based on the estimated useful lives of the assets. Expenditures for maintenance and repairs, including the replacement of minor items, are expensed as incurred, and major additions to property, plant and equipment are capitalized. Upon withdrawal, sale or other disposition of property, plant and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains, or losses are included on the statement of activities.

Revenue Recognition

Donated Goods: The value of donated food is reflected in the financial statements at the approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.97 and \$1.93 per pound for 2024 and 2023, respectively. This valuation is based on a cost study performed by Feeding America, the nation's leading domestic hunger-relief charity. During the years ended June 30, 2024, and 2023 the Organization received donated food amounted 21,192,500 pounds and 14,512,139 pounds, respectively. The dollar amount of these pounds is \$41,749,226 and \$28,008,428 respectively and is included in the financial statements.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Grants and Contributions: The Organization recorded grants and contributions as support with donor restrictions or without donor restrictions depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, as applicable. Within net assets with donor restrictions, amounts are reclassified to net assets without donor restrictions when restrictions expire by passage of time or the fulfillment of the stipulated purpose. Restrictions on gifts of land, building, or equipment or contributions restricted for the purchase of those assets expire when the asset is placed in service unless the donor stipulated otherwise. Amounts collected in advance but unearned are reflected in the statement of financial position as deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

In-Kind Donations: The Organization receives donations of time and services from volunteers related to program operations, special events, among others. However, donated services are recorded in the financial statements only to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. In-kind donations of property and equipment and supplies used directly by the Organization are valued at their estimated fair values at the time of the donation.

Shared Maintenance Fees: The Organization recognized shared maintenance fees when earned. These fees are charged to agencies (charities) up to 19 cents per pound to share in the cost of soliciting, collecting, storing, and distributing food to the people who need it, when they need it, and where they need it. For the period ended June 30, 2024, the Organization charged up to 15 cents per pound for dry and freezer products, and 0 cents (no charge) for produce, dairy and bakery products.

Other Income: Membership dues, delivery fees, special events and miscellaneous revenues are recorded when received and considered other income on these financial statements.

Income Taxes

The Organization is exempt from Federal income taxes under section 501(c) (3) of the Internal Revenue Code and exempt from State income taxes under section 1101.01 of the Puerto Rico Internal Revenue Code of 2011, as amended.

Date of Management Review

In preparing these financial statements, Fundación's management has evaluated the transaction and other events and transactions for potential recognition or disclosures through October 9, 2024, the date the financial statements were available to be issued.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. INVENTORY

Inventory consists of donated and purchased food. Donated food was valued at \$1.97 and \$1.93 per pound for the years ended June 30, 2024, and 2023, respectively. This valuation is based on a cost study performed by Feeding America. Purchased food is valued at the most recent purchase price. As of June 30, 2024, and 2023, inventory amounted to \$2,924,436 and \$641,493 respectively. Donated and purchased food inventory in pounds for the years ended June 30, 2024, and 2023 were as follows:

	2024	2023
Beginning Inventory	472,503	509,560
Donated Food Received	21,192,500	14,512,139
Purchased Food	635,201	1,892,407
	<u>22,300,204</u>	<u>16,914,106</u>
Less: Food Distribution & Adjustments	(20,744,011)	(16,404,911)
Waste	<u>(35,374)</u>	<u>(36,692)</u>
Ending Inventory	<u><u>1,520,819</u></u>	<u><u>472,503</u></u>

3. PROPERTY, PLANT AND EQUIPMENT

As of June 30, 2024, and 2023, Property, Plant and Equipment consisted of the following:

	2024	2023
Building	\$ 2,840,904	\$ 2,298,735
Building Improvements	3,079,032	3,079,032
Motor Vehicles	1,277,695	877,410
Machinery and Equipment	1,085,413	1,013,019
Software	41,400	41,400
	<u>8,324,444</u>	<u>7,309,596</u>
Less: Accumulated Depreciation and Amortization	<u>(3,132,919)</u>	<u>(2,482,960)</u>
Property, Plant and Equipment, Net	<u><u>\$ 5,191,525</u></u>	<u><u>\$ 4,826,636</u></u>

Depreciation and amortization expense amounted to \$649,959 and \$637,630 in 2024 and 2023, respectively.

4. INVESTMENT IN CERTIFICATES OF DEPOSIT

As of June 30, 2023, the Organization maintained one (1) certificate of deposit valued at the principal plus accrued interests amounting to \$265,787. This certificate of deposit was withdrawn during the fiscal year ended June 30, 2024.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

5. DEFERRED INCOME

Deferred income consists of unearned revenue which was the result of grants received that have not been expended as of June 30, 2024, and 2023. Certain unexpended grants could be required under the grant terms to be returned to the funding entity. However, the liability for deferred revenue will be met by expending funds during the subsequent fiscal year rather than by a cash outflow. As of June 30, 2024, and 2023, deferred income amounted to \$6,824,132 and \$6,806,901 respectively, as follows:

	2024	2023
Deferred Revenues with Donor Restrictions	\$ 2,140,629	\$ 2,048,398
Deferred Revenues without Donor Restrictions	4,683,503	4,758,503
Total	<u>\$ 6,824,132</u>	<u>\$ 6,806,901</u>

6. GRANTS AND CONTRIBUTIONS

Grants and contributions over \$3,000 from other organizations consist of the following:

	2024	2023
3M Foundation	\$ -	\$ 10,000
7-Eleven	18,991	-
Abbott Fund	-	65,000
Alfredo Ramos Sotomayor	-	4,000
Alvaro Aranda	5,000	-
American Automobile Association	-	5,000
American Online Giving Foundation	39,823	20,801
Ardent Mills	4,728	3,853
Autoridad de Asesoría Financiera y Agencia Fiscal de PR (AAFAF)	-	175,000
Axtmayer Rodriguez Family	25,000	-
BMW	-	4,032
Ballester Hermanos	5,000	8,000
Bayer Fund	-	80,000
Becton Dickinson	-	5,000
Boxlunch	37,462	5,165
Campbell's Soup Foundation	20,000	20,000
Chick-Fil-A	200,000	-
Cidrines	5,000	-
Club Puertorriqueño de San Francisco	-	4,429
Coca-Cola	41,000	-
Conagra	24,354	-

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

6. GRANTS AND CONTRIBUTIONS, (Continued)

	2024	2023
Coregiving	\$ -	\$ 20,000
Corteva	-	30,000
Costco	93,668	-
Crocs	34,238	37,045
CVS	13,378	-
Daifuco	-	20,000
Daniel T. Erat	10,000	10,000
Danone	-	10,000
David Tepper Charitable Foundation	-	100,000
Dole Packaged Foods	-	3,500
Dynamics Payments	-	40,000
Eaton	20,000	-
Enterprise Holdings Foundation	20,000	20,000
Evertec	-	5,000
Fair Food Network	8,000	-
Feeding America	1,432,999	1,876,693
FEMA	-	276,853
Firstbank	5,000	4,999
Fondos Legislativos	-	134,230
Fondos Legislativos de Impacto Comunitario	82,869	-
Fondos Unidos	30,261	-
Fundación Angel Ramos	20,000	70,000
Fundación Plaza las Américas	10,000	40,000
Fundación Triple-S	25,000	25,000
Google	-	250,000
Hawii FoodBank, Inc.	3,000	-
H-E-B	4,762	100,000
Holsum de Puerto Rico	5,000	-
John T. Advani	25,000	20,000
Judi Lai	5,000	-
Kia de PR	5,000	-
KLIM	5,000	5,000
Los Cidrines	-	5,000
Maximun Fun	10,000	-
Merrill Lynch	-	25,000
Mastercard International Inc.	-	70,000
McMaster-Carr Supply Company	-	10,000
MCS Foundation	91,000	124,478
Mickelsen Family Foundation	5,000	-
Morgan Stanley Foundation	-	149,250
National Diaper Bank Network	-	5,000

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

6. GRANTS AND CONTRIBUTIONS, (Continued)

	2024	2023
Pac Tech International Inc.	\$ 6,000	\$ -
P&G Foundation	-	50,000
Plaza Provision	16,850	10,600
Pooled Corp	-	14,689
Popular Auto	5,000	5,000
Puerto Rico Supplies Group	13,700	14,700
Rajeev Jayavant and Ana Margarita Mendez	132,072	-
Red Nose	-	10,000
Ron Levine	-	5,000
Seba Rock Entertainment	-	18,000
Second Union Church of San Juan	3,350	-
Serena Levine	-	5,000
Share Our Strength Prenote (No Kid Hungry)	50,000	30,000
Sol Puerto Rico	-	12,350
Starbucks	-	15,000
Syngenta	-	25,000
The Andrew W. Mellon Foundation	-	500,000
The Benevity Community Fund	-	9,445
The Church of Jesus Christ of the Latter Day Sain	30,045	-
The Coca Cola Foundation	-	50,000
The Globe Life Familiy Heritage Division	-	22,960
The Wiggings Foundation	5,000	10,000
Timothy K. Carvell	10,000	-
Titin Foundation Inc.	-	3,021
TJX Foundation	82,918	62,607
UBS Puerto Rico	-	3,171
United Way de Puerto Rico	-	50,990
Upfield EE.UU. Inc.	10,000	-
USDA/ADSEF	1,127,362	826,907
V. Suárez & Co., Inc.	7,000	5,500
Walmart Foundation	-	333,566
Walmart, Inc.	93,326	20,000
Total	<u>\$ 3,983,156</u>	<u>\$ 6,014,880</u>

7. IN-KIND DONATIONS

The Organization receives donations of time and services from volunteers related to program operations, special events, among others. During the year ended June 30, 2024, the Organization 3,539 volunteers donated 15,810 hours. However, the financial statements do not reflect the value of these donated services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Services meeting the criteria for recognition in the financial statements amounted to \$4,000 and \$4,400 for the years ended June 30, 2024, and 2023, respectively.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

8. FUNCTIONAL ALLOCATION OF EXPENSES

Functional classification is a method of reporting expenses according to the purpose for which costs are incurred. Natural classification is a method of grouping expenses according to the kinds of economic benefits received in incurring those expenses.

The costs of providing program services and other activities have been summarized on a natural basis in the statement of activities and changes in net assets. The expenses of the Organization are reported in the table below by their functional and natural classifications. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

The Organization expenses for the years ended June 30, 2024, and 2023 are allocated to the natural and functional classifications as follows:

	Total		Program Expenses		General and Administrative		Fundraising Expenses	
	2024	2023	2024	2023	2024	2023	2024	2023
Donated Food Distributed and Waste	\$ 39,466,282	\$ 27,825,728	\$ 39,466,282	\$ 27,825,728	\$ -	\$ -	\$ -	\$ -
Proposal Expense	336,160	2,304,113	336,160	2,304,113	-	-	-	-
Salaries and Wages	1,227,707	1,219,931	1,042,448	1,027,413	142,152	140,102	43,107	52,416
Food Purchases and Transportation	669,822	1,231,594	589,443	1,083,803	80,379	147,791	-	-
Gas and Travel Expenses	133,570	191,633	117,542	168,637	16,028	22,996	-	-
Supplies	73,960	90,330	31,063	37,939	42,897	52,391	-	-
Office Expenses	8,812	10,199	-	-	8,812	10,199	-	-
Professional Services	111,664	104,360	29,842	19,697	28,672	18,925	53,150	65,738
Professional Services - In-kind	4,000	4,400	4,000	4,400	-	-	-	-
Insurance	76,206	66,385	61,727	53,772	14,479	12,613	-	-
Utilities	113,891	142,935	101,363	127,212	12,528	15,723	-	-
Depreciation	649,959	637,630	636,960	624,877	12,999	12,753	-	-
Repair and Maintenance	139,659	117,263	132,676	111,400	6,983	5,863	-	-
Advertising Expenses	230,925	87,654	23,093	-	2,856	-	204,976	87,654
Other Expenses	86,461	129,758	82,138	123,270	4,323	6,488	-	-
Total	\$ 43,329,078	\$ 34,163,913	\$ 42,654,737	\$ 33,512,261	\$ 373,108	\$ 445,844	\$ 301,233	\$ 205,808

For the years ended June 30, 2024, and 2023, program expenses represented 98% respectively, while general and administrative and fundraising expenses represented 2%, respectively.

9. INVESTMENTS

Overall Investment Objective

BANCO DE ALIMENTOS PUERTO RICO, INC. maintains a short-term and long-term investment portfolio. The purpose of the short-term investment portfolio is to provide sufficient liquidity to meet the financial obligations of the Organization in a timely manner. The investment objective of the long-term investment portfolio is to preserve capital and secondly to enhance the purchasing power of the long-term investments fund.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

9. **INVESTMENTS, (Continued)**

Allocation of Investment Strategies

Short-term and long-term funds are invested in low or risk-free investments with a high degree of liquidity. Short-term funds should have a maturity for a period not to exceed twelve months.

The cost and fair value of short and long-term investments at June 30, 2024, and 2023, are as follows:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
US Government Fixed Income	\$ 12,060,310	\$ 12,064,912	\$ -	\$ -
Equities - Common Stocks	315	247,278	-	-
Total Investments	<u>\$ 12,060,625</u>	<u>\$ 12,312,190</u>	<u>\$ -</u>	<u>\$ -</u>
Less: Short Term Investments	12,060,310	12,064,912	-	-
Long-Term Investments	<u>\$ 315</u>	<u>\$ 247,278</u>	<u>\$ -</u>	<u>\$ -</u>

Investments returns for the years ended June 30, 2024, and June 30, 2023, are as follows:

	2024	2023
Income from Investments:		
Interest and Dividends, Net of Fees	\$ -	\$ 138
Gains and Losses on Investments:		
Net Realized and Unrealized Gain on Investments	<u>458,176</u>	<u>152,781</u>
Total Return on Investments	<u>\$ 458,176</u>	<u>\$ 152,919</u>

10. **FAIR VALUE MEASUREMENTS**

Fair Value Hierarchy

The Organization follows the guidance of ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

10. **FAIR VALUE MEASUREMENTS, (Continued)**

Fair Value Hierarchy, (Continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the valuation hierarchy are as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets include corporate bonds and fixed income mutual funds that consist primarily of U.S. Treasury obligations.
- Level 2 – Inputs are observable inputs over 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. We did not have any material level 2 classifications as of June 30, 2024.
- Level 3 – Inputs are unobservable inputs for the asset or liability. We did not have any material level 3 classifications as of June 30, 2024.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table present assets that are measured at fair value on a recurring basis at June 30, 2024:

	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
US Governmental Fixed Income	\$ 12,064,912	\$ -	\$ -	\$ 12,064,912
Equities - Common Stock	247,278	-	-	247,278
Total	\$ 12,312,190	\$ -	\$ -	\$ 12,312,190

Due to the maturity date and selling date of the funds as of June 30, 2023, the investments were classified in cash and money balances.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Organization evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2024 and 2023

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year as of June 30, 2024, and 2023, comprise the following:

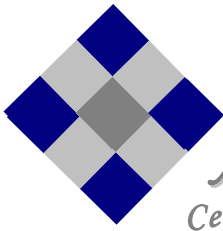
	2024	2023
Cash and Cash Equivalents	\$ 1,636,112	\$ 12,792,505
Accounts Receivable	94,792	6,123
Total Financial Assets	1,730,904	12,798,628
Less Those Unavailable for General Expenditures Within One Year	-	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,730,904</u>	<u>\$ 12,798,628</u>

The Organization seeks to maintain liquidity to cover nine (9) months of operating expenses.

13. RESTRICTIONS ON NET ASSETS

For the fiscal year ended June 30, 2024, the Board of Directors designated as Reserved for Contingencies and Future Expenditures the amount of \$2,200,000. This amount represents a reserve for nine (9) months of operating expenses as per Organization's Financial and Investment Policy.

For the fiscal year ended June 30, 2023, the Organization received an increase in donations because of its Hurricane Fiona disaster relief efforts, which generated an increase in net assets when compared with the 2022 year. The Organization intends to reserve a certain amount of funds for a Research Project to create awareness about the lack of food security within Puerto Rico and to expand the Organization's service programs.



AJ Hernández & Co., CPA, PSC.
Certified Public Accountants & Business Consultants

P.O. Box 191529, San Juan, Puerto Rico 00919-1529

Tel: (787) 758-4416 Fax: (787) 758-4426

October 9, 2024

To the Board of Directors of
BANCO DE ALIMENTOS PUERTO RICO, INC.
Carolina, Puerto Rico

The stockholders and staff of AJ Hernandez & Co., CPA, PSC are pleased to announce the successful completion of an independent peer review of our accounting and auditing practice. This review was undertaken as a condition of membership in the American Institute of Certified Public Accountants (AICPA), the national organization of CPAs in public practice, industry, government, and education.

In 1988, the members of the AICPA overwhelmingly approved a proposal to require members in public practice to participate in a practice-monitoring program. With the adoption of this proposal, the AICPA implemented a peer review program of unprecedented scope in the CPA profession or any other. Our participation in peer review demonstrates our firm's desire to measure up to the profession's high standards of professionalism and our commitment to maintaining and improving the quality of our practice.

In August 2000, the Puerto Rico Society of CPAs (PRSCPA) adopted a voluntary peer review program, which follows the lead established by the AICPA.

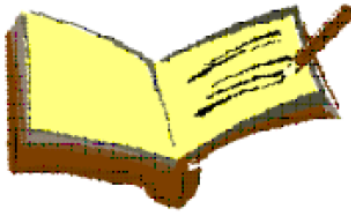
Our peer review was conducted by a team appointed by the PRSCPA. The reviewer first determined that we have an adequate quality control system, and then checked to see that professional's standards were followed in a representative sample of our accounting and auditing engagements.

After thorough study of our policies and procedures, the reviewer concluded our firm complies with the stringent quality control standards established by the AICPA and the PRSCPA. Our firm is committed to periodic peer review to foster quality performance.

Bankers, bonding agents, investors, suppliers, legal advisors, and others use the financial statements our firm audits, reviews, or compiles. We think those people, our clients, and our own staff deserves independent quality assurance that our firm provides quality services. We are proud of our peer review results and would be happy to answer any questions you might have.

Sincerely,

Andrés J. Hernández Concepción
President



MEMBERS:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC
ACCOUNTANTS (AICPA)
PUERTO RICO SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS

CPA AGUSTÍN RODRÍGUEZ NIEVES
CERTIFIED PUBLIC ACCOUNTANT

SYSTEM REVIEW REPORT

AJ Hernandez & Co., PSC
and the Peer Review Committee of
Puerto Rico Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of AJ Hernandez & Co., PSC (the firm) in effect for the year ended December 31, 2014. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of my review, I considered reviews by regulatory entities, if applicable, in determining the nature and extent of my procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the Standards, engagements selected for review included engagements performed under Government Auditing Standards and ERISA.

In my opinion, the system of quality control for the accounting and auditing practice of AJ Hernandez & Co., PSC in effect for the year ended December 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency (ies) or fail. AJ Hernandez & Co., PSC has received a peer review rating of pass.

February 28, 2017
Toa Alta, Puerto Rico

CPA Agustín Rodríguez Nieves
License 4314

The stamp 02742250 was affixed to the original of this report.