Financial Statements

LOUDOUN HUNGER RELIEF, INC.

June 30, 2025

GENERAL ORGANIZATIONAL DATA

ORGANIZATION AND PURPOSE

Loudoun Hunger Relief, Inc. is a non-profit corporation organized under the laws of the Commonwealth of Virginia on October 24, 1991 for the purpose of collecting and distributing food to needy families and individuals in Loudoun County. Loudoun Hunger Relief, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code in March 1992.

Loudoun Hunger Relief, Inc. was originally organized and named Loudoun Interfaith Relief, Inc. In September 2016 the board adopted a resolution to change the name to Loudoun Hunger Relief, Inc.

OFFICERS

Charles McQuillan, Chair
David McOmber, Vice Chair
Lorna Campbell Clarke, Secretary
John Rowell, Treasurer

BOARD OF DIRECTORS

Ghina Buckley
Lorna Campbell Clarke
David McOmber
Charles McQuillan
Kate Henry Gonzalez
Magdalene Johnson Obaji
Jiten Shah
John Rowell
Andrea Winey

DIRECTOR EMERITUS

Carol Barbe

STAFF

Jennifer Montgomery, President & CEO
Trish McNeal, Deputy Director
Justo Castillo, Operations Director
Tannia Perez, Client Services and Community Partnerships Manager
Elizabeth Milkie, Community Engagement Manager

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15

MITCHELL, BURNS & CO., P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Loudoun Hunger Relief, Inc.
Leesburg, Virginia

Opinion

We have audited the accompanying financial statements of Loudoun Hunger Relief, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Loudoun Hunger Relief, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Loudoun Hunger Relief, Inc.'s ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 generally accepted auditing standards, we:

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

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

Report on Summarized Comparative Information

We have previously audited Loudoun Hunger Relief, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia
September 10, 2025

Mitchell, Burns & Co., P.C.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2025
(with June 30, 2024 comparative totals)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	**$ 4,271,286**	$ 3,417,602
Grants and other receivables	**163,812**	176,809
Capital campaign pledged receivables, current portion	**182,737**	160,167
Inventory - food products	**138,813**	128,029
Gift cards	**22,216**	37,410
Prepaid expenses	**45,520**	44,298
Total current assets	**4,824,384**	3,964,315
Capital campaign pledged receivables, net of current portion	**61,240**	263,917
Investments	**1,941,045**	1,765,046
Property and equipment, net of accumulated depreciation	**1,879,193**	1,831,709
Operating lease right-of-use asset	**38,136**	52,872
Security deposits	**1,425**	1,425
Total Assets	**$ 8,745,423**	$ 7,879,284
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	**$ 68,762**	$ 28,426
Accrued payroll	**86,474**	57,214
Deferred revenue	**17,500**	1,217
Lease liability, current portion	**15,336**	14,735
Total current liabilities	**188,072**	101,592
Noncurrent liabilities		
Lease liability	**22,800**	38,137
Net Assets		
Without donor restriction:		
Undesignated	**2,300,146**	3,321,337
Designated by governing board	**5,691,045**	3,650,000
Total without donor restriction	**7,991,191**	6,971,337
With donor restriction	**543,360**	768,218
Total net assets	**8,534,551**	7,739,555
Total liabilities and net assets	**$ 8,745,423**	$ 7,879,284

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(with June 30, 2024 comparative totals)

	2025			
	Without Donor Restriction	**With Donor Restriction**	**Total**	2024
OPERATING ACTIVITIES:				
SUPPORT AND REVENUE				
Contributions	**$ 1,714,825**	**$ 208,802**	**$ 1,923,627**	$ 1,575,837
Donated food	**5,392,076**	**-**	**5,392,076**	4,670,125
Donated goods and services	**261,933**	**-**	**261,933**	255,646
Special events, net of expenses of $4,311	**21,255**	**-**	**21,255**	3,828
Grants	**535,635**	**393,888**	**929,523**	631,011
Loudoun County ARPA funds	**-**	**-**	**-**	209,422
Interest and dividends	**187,856**	**-**	**187,856**	162,650
Other income	**546**	**-**	**546**	825
	8,114,126	**602,690**	**8,716,816**	7,509,344
Net assets released from restrictions				
Satisfaction of usage restrictions	**403,541**	**(403,541)**	**-**	**-**
Total support and revenue	**8,517,667**	**199,149**	**8,716,816**	7,509,344
EXPENSES				
Program services	**7,640,300**	**-**	**7,640,300**	6,839,097
Supportive services				
Management and general	**250,752**	**-**	**250,752**	220,783
Fundraising	**172,387**	**-**	**172,387**	180,751
Total expenses	**8,063,439**	**-**	**8,063,439**	7,240,631
Change in net assets from operations	**454,228**	**199,149**	**653,377**	268,713
NON-OPERATING ACTIVITIES:				
Investment income, net fees $9,166	**137,124**	**-**	**137,124**	135,895
Gain (loss) on disposal of assets	**(16,026)**	**-**	**(16,026)**	-
Capital campaign contributions	**-**	**20,521**	**20,521**	308,599
Net assets released from restrictions				
Satisfaction of usage restrictions	**444,528**	**(444,528)**	**-**	-
Capital campaign expense	**-**	**-**	**-**	(183,498)
	565,626	**(424,007)**	**141,619**	260,996
Change in net assets	**1,019,854**	**(224,858)**	**794,996**	529,709
Net assets, beginning of year	**6,971,337**	**768,218**	**7,739,555**	7,209,846
Net assets, end of year	**$ 7,991,191**	**$ 543,360**	**$ 8,534,551**	$ 7,739,555

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025
(with June 30, 2024 comparative totals)

	Program Services	Management and General	Fundraising	Totals **2025**	Totals 2024
Salaries and wages	$ 1,100,018	$ 64,244	$ 108,380	**$ 1,272,642**	$ 1,257,549
Employee benefits	94,636	3,197	6,607	**104,440**	96,751
Payroll taxes	82,703	4,744	8,048	**95,495**	93,608
Total salaries and related expenses	1,277,357	72,185	123,035	**1,472,577**	1,447,908
Donated food distributed	5,441,412	-	-	**5,441,412**	4,732,206
Purchased food/items distributed	237,797	-	-	**237,797**	269,139
Bank charges	-	2,268	-	**2,268**	2,240
Depreciation	180,414	445	924	**181,783**	141,973
Education	20,805	462	215	**21,482**	16,004
Outreach (in-kind $913)	26,020	-	13,011	**39,031**	39,362
Fees and licenses	1,681	328	650	**2,659**	3,179
Insurance	21,313	7,864	1,132	**30,309**	30,417
Maintenance	29,319	70	146	**29,535**	17,480
Marketing	10,581	5,116	10,230	**25,927**	7,880
Miscellaneous	1,046	61	103	**1,210**	1,176
Postage	-	176	1,581	**1,757**	1,758
Professional fees (in-kind $29,886)	59,864	159,904	17,878	**237,646**	200,655
Rent and storage (in-kind $169,094)	187,436	815	1,689	**189,940**	184,414
Supplies	36,470	860	1,383	**38,713**	35,530
Communications	8,930	44	92	**9,066**	12,949
Utilities (in-kind $23)	30,921	154	318	**31,393**	30,875
Transportation & vehicle costs	53,258	-	-	**53,258**	45,203
Volunteer support	15,676	-	-	**15,676**	20,283
	6,362,943	178,567	49,352	**6,590,862**	5,792,723
Total expenses	$ 7,640,300	$ 250,752	$ 172,387	**$ 8,063,439**	$ 7,240,631

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(with June 30, 2024 comparative totals)

Cash Flows From Operating Activities	**2025**	2024
Change in net assets	**$ 794,996**	$ 529,709
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	**181,783**	141,973
Realized and unrealized (gain) loss on investments	**(137,124)**	(135,895)
Donated fixed assets	**(31,627)**	(72,915)
Donated securities	**(17,024)**	(58,677)
Donated inventory	**(10,784)**	(532)
Discount on capital campaign pledges	**(20,021)**	(23,659)
Loss on disposal of assets	**16,026**	9,901
Operating lease right-of-use	**14,736**	14,152
Lease liability	**(14,736)**	(14,152)
Change in assets and liabilities:		
(Increase) decrease in assets:		
Grants and other receivables	**12,997**	39,489
Capital campaign pledged contributions	**200,129**	190,830
Gift cards	**15,194**	9,477
Retail grocer account credit	**-**	1,033
Prepaid expenses	**(1,222)**	(6,125)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**40,336**	96,379
Accrued payroll	**29,260**	(10,445)
Deferred revenue	**16,283**	1,217
Net cash provided by operating activities	**1,089,202**	711,760
Cash Flows From Investing Activities		
Purchase of investments	**(308,650)**	(865,047)
Sale of investments	**286,798**	664,948
Proceeds from sale of assets	**7,000**	-
Purchase of property and equipment	**(220,666)**	(1,056,812)
Net cash (used in) investing activities	**(235,518)**	(1,256,911)
Net increase (decrease) in cash	**853,684**	(545,151)
Cash and Cash Equivalents		
Beginning of year	**3,417,602**	3,962,753
End of year	**$ 4,271,286**	$ 3,417,602

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Loudoun Hunger Relief, Inc. (LHR), previously named Loudoun Interfaith Relief, Inc., is a nonprofit corporation established to serve the community of Loudoun County, Virginia, for the purpose of collecting and distributing food to families and individuals in need. Loudoun Hunger Relief is operated by a volunteer Board of Directors, paid employees and approximately 363 operational volunteers.

Significant Accounting Policies

The financial statements of Loudoun Hunger Relief, Inc. have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting: The financial statements of LHR have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958, Not-For-Profit Entities, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations". Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction: Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restriction: 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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity

Cash and Cash Equivalents: For purposes of reporting cash flows, LHR considers all cash on demand deposits, money market deposits, cash management accounts, and certificates of deposit with a maturity of three months or less to be cash equivalents.

Property, Plant and Equipment: Expenditures for donations of property and equipment exceeding $5,000 are capitalized at cost or fair market value at the date of gift or purchase. Depreciation of property improvements, furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Inventory: Inventory consists of donated food and related food products. Food inventory is stated at the per pound rate established by the United States Department of Agriculture (USDA).

Allowance for Doubtful Accounts Receivable: All receivables at year end are expected to be collected within one year. Management of LHR reviews the collectability of the receivables on a monthly basis. No provision for doubtful accounts has been made as management considers all amounts fully collectible.

Note 1. Significant Accounting Policies (Continued)

Investments: Investments consist of exchange traded funds, US Treasuries and Corporate Bonds. Investments are recorded in the financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period. Investment income is presented net of investment advisory fees on the accompanying statement of activities. Net realized and unrealized gains or losses on investments are included in net investment income.

Contributions: Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Promises to Give: Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Donated Noncash Assets: Contributions of donated noncash assets are recorded at their fair value in the period received.

Donated Services: Contributions of services are recognized at their fair value when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skill provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status: Loudoun Hunger Relief, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. LHR has adopted the guidance under ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the LHR's tax positions and concluded that LHR has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. Loudoun Hunger Relief, Inc. annually files the IRS informational filing form 990, return of organizations exempt from income taxes. Income tax years open for IRS inspection include fiscal years 2021, 2022, 2023 and 2024.

Leases: Operating lease right-of use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum payment over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term in the schedule of functional expenses. Lease and non-lease components of lease agreements are combined as the non-lease components are not material to breakout. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

Note 1. Significant Accounting Policies (Continued)

Measure of Operations: The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to LHR's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. Non-operating activities are broken out on the statement of activities for the years ended June 30, 2025 and 2024.

Functional Allocation of Expense: The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include the following:

Description	Method
Personnel costs	Time and effort
Administrative costs	Salaries percentage
Rent and utilities	Building square footage use
Professional fees and other	Direct

Reclassifications: Certain classifications in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 2. Cash and Cash Equivalents

Composition of cash and cash equivalents at June 30 is as follows:

	Bank	Accounting	
Name	2025	**2025**	2024
Atlantic Union Bank:			
Operating	$ 200,129	**$ 196,906**	$ 256,380
Savings	405,234	**405,234**	466,342
Insured cash sweep	3,664,994	**3,664,994**	2,694,880
Bill.com clearing	-	**969**	-
Undeposited funds	-	**3,183**	-
	$ 4,270,357	**$ 4,271,286**	$ 3,417,602

Individual bank combined cash account deposits up to $250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2025, $355,363 exceeded the FDIC insurance limits at Atlantic Union Bank.

Note 3. Capital Campaign Pledges Receivable

LHR leased and renovated additional space to expand warehouse and storage, create a best-practice client choice food pantry market and offer co-located office and meeting space to human service nonprofits. Renovation of the facilities began in the spring of 2023 and was completed in September 2023. To fund the renovation costs, the Organization launched a capital campaign in January 2022.

Note 3. Capital Campaign Pledges Receivable (Continued)

A summary of pledge activity during the year ended June 30, 2025 is as follows:

Description	Amount
Capital campaign pledges receivable, July 1, 2024	$ 456,965
Additional pledges	-
Collected pledges	(200,131)
	256,834
Less: unamortized discount on long-term pledges	(12,857)
Capital campaign pledges receivable, June 30, 2025	$ 243,977

Management has evaluated collectability and deemed no allowance is necessary. Due to the long-term nature of pledges, LHR has recorded pledges at the net present value. A discount rate of 4% was used.

A summary of expected future cash collections is as follows:

Fiscal year ended June 30,	Amount
2026	$ 182,737
2027	67,372
2028	6,725
	$ 256,834

Note 4. Investments and Fair Value Measurements

Investments as of June 30, 2025 and 2024 consist of the following:

	June 30, 2025		
Description	**Cost**	**Fair Value**	**Unrealized Gain/(Loss)**
Money market	**$ 71,299**	**$ 71,299**	**$ -**
Exchange traded funds	**1,025,888**	**1,255,831**	**229,943**
Fixed income	**609,287**	**613,915**	**4,628**
	$ 1,706,474	**$ 1,941,045**	**$ 234,571**

	June 30, 2024		
Description	Cost	Fair Value	Unrealized Gain/(Loss)
Money market	$ 5,098	$ 5,098	$ -
Exchange traded funds	914,348	1,024,771	110,423
Fixed income	751,304	735,177	(16,127)
	$ 1,670,750	$ 1,765,046	$ 94,296

Note 4. Investments and Fair Value Measurements (Continued)

FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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

Level 2: Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.

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

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. Investments are carried at fair value based on quoted market prices in active markets (all Level 1 measurement) with realized and unrealized gains and losses reported in the statement of activities. The following tables set forth by level, within the fair value hierarchy, LHR's assets measured at fair value:

	June 30, 2025			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market	**$ 71,299**	**$ -**	**$ -**	**$ 71,299**
Exchange traded funds	**1,255,831**	**-**	**-**	**1,255,831**
Fixed income	**220,017**	**393,898**	**-**	**613,915**
	$ 1,547,147	**$ 393,898**	**$ -**	**$ 1,941,045**

	June 30, 2024			
Description	Level 1	Level 2	Level 3	Total
Money market	$ 5,098	$ -	$ -	$ 5,098
Exchange traded funds	1,024,771	-	-	1,024,771
Fixed income	478,662	256,515	-	735,177
	$ 1,508,531	$ 256,515	$ -	$ 1,765,046

Note 5. Property and Equipment

A summary of property and equipment is as follows:

Description	**2025**	2024
Furniture and fixtures	**$ 12,974**	$ 12,974
Equipment	**327,870**	231,281
Leasehold improvements	**1,536,698**	1,536,698
Facility expansion in progress	**57,294**	-
Vehicles	**554,419**	500,926
	2,489,255	2,281,879
Less: accumulated depreciation	**(610,062)**	(450,170)
	$ 1,879,193	$ 1,831,709

Depreciation expense for the year ended June 30, 2025 was $181,783.

Note 6. Designated Net Assets

The Board of Directors has designated net assets and related cash balances for specific future obligations and projects summarized as follows:

Designated obligation/project	Balance 6/30/2024	FY25 Activity Designated	FY25 Activity Undesignated	**Balance 6/30/2025**
Operating working capital	$ 3,400,000	$ 350,000	$ -	**$ 3,750,000**
Quasi-endowment start-up	250,000	-	(250,000)	**-**
Quasi-endowment	-	1,941,045	-	**1,941,045**
	$ 3,650,000	$ 2,291,045	$ (250,000)	**$ 5,691,045**

Operating working capital: The portion of "unrestricted net assets" that the Board has designated for use in order to sustain financial operations in the event of significant unbudgeted increases in operating expenses and/or losses of operating revenues. Operating reserves help ensure that LHR is positioned to respond to varying economic conditions and changes and allow LHR the ability to continuously carry out its mission.

Quasi-endowment: At June 30, 2025, the Board designated $1,941,045 of net assets without donor restrictions as a quasi-endowment to support the long-term financial stability and mission of LHR. These assets are held in the organization's investment account and are managed in accordance with the Board-approved investment policy. The fund's investment strategy balances growth potential with income generation to support on-going program needs. The Board retains the right to access or undesignate these funds at its discretion.

Note 7. Net Assets with Donor Restriction

Net assets with donor restriction are summarized as follows:

Year ending June 30:	Unspent 6/30/2024	FY 2025 Activity Additions	FY 2025 Activity Uses	**Unspent 6/30/2025**
American Rescue Plan Act funding	$ -	$ 38,388	$ (38,388)	**$ -**
Appointment & inventory system	-	35,000	(24,929)	**10,071**
Child nutrition program	1,785	21,023	(22,808)	**-**
Community services center programming	20,946	-	(20,946)	**-**
Event sponsorship	-	2,800	(2,800)	**-**
Heart healthy kits	-	21,793	(21,793)	**-**
Holiday food	21,630	45,000	(35,922)	**30,708**
HeartSine AED equipment & training	-	3,186	-	**3,186**
Hygiene items and baby food	14,457	-	-	**14,457**
Occupancy and program support	-	113,000	(113,000)	**-**
Senior nutrition program	3,487	9,000	(10,301)	**2,186**
Strategic planning initiatives	3,500	-	(3,500)	**-**
Sterling food pantry	128,947	313,500	(109,154)	**333,293**
Capital campaign				
Building maintenance fund	148,466	20,521	(19,528)	**149,459**
Start-up quasi-endowment	425,000	-	(425,000)	**-**
	$ 768,218	$ 623,211	$ (848,069)	**$ 543,360**

Note 8. Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Description	Amount
Cash and cash equivalents	$ 4,271,286
Current receivables	163,812
Less: net assets with donor restriction for long term and capital	(149,459)
Less: current bills	(68,762)
	$ 4,216,877

LHR invests cash balances in excess of immediate liquidity needs in accordance with its investment policy.

Note 9. Retirement Plan

LHR established an employer sponsored and funded IRA retirement arrangement for eligible employees. The amount contributed to the employee's IRA account is determined annually by the Board of Directors. For the year ended June 30, 2025 and 2024, the board approved contributions of two percent (2.00%) of eligible employees' compensation which amounted to $20,244 and $19,926, respectively.

Note 10. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2024 of the prior year, from which the summarized information was derived.

Note 11. Fair Value of Financial Instruments

LHR's financial instruments are cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The recorded values of these instruments approximate their fair values based on their short-term nature.

Note 12. In-Kind Contributions

In-kind donations are included in the financial statements at their fair value both as contributions and as corresponding expenses or fixed asset additions. Contributed goods and services are used for both program and supporting services and are allocated based on the natural driver of the cost as described in Note 1.

For the years ended June 30, 2025 and 2024, in-kind contributions consisted of the following:

Donated Item/Service	**2025**	2024
Donated services:		
Accounting	**$ 12,000**	$ 12,000
Auditing	**16,387**	5,650
Capital project expense	**1,500**	-
Consulting	**-**	2,455
Information technology	**913**	20,822
Marketing	**-**	2,500
Waste removal	**23**	83
Gift cards including retail grocer account credit	**30,390**	45,575
Donated fixed assets	**31,626**	72,915
Rent	**166,560**	166,560
Storage	**2,534**	-
	261,933	328,560
Food product	**5,392,076**	4,670,125
Total in-kind donation revenue	**$ 5,654,009**	$ 4,998,685
Less: amounts capitalized	**(31,626)**	(72,915)
Total in-kind donations expended	**$ 5,622,383**	$ 4,925,770

Donated services: Recorded at the amount it would cost LHR to pay for the services.

Gift cards: LHR receives donations of gift cards to be used to purchase food product. Gift cards are valued at actual the dollar value on the card.

Fixed assets and facility expansion: Valued at the cost to purchase or provide the service.

Rent: The value of donated facilities are based on the fair market value of the space provided, see Note 14.

Food product: Noncash contributions of food products are donated by producers, manufacturers, retailers, USDA, and the general public. Contributed food is recorded as inventory at the USDA nationally calculated average per pound. Food products are recorded as program service expense when distributed. The established USDA value per pound of food for fiscal year 2025 is $1.90.

Note 13. In-Kind Contributions (Continued)

LHR receives a substantial amount of services from volunteers who assist in food collection and distribution. These services have not been recorded in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately $526,970 for 15,310 hours and $449,601 for 13,469 hours for the years ended June 30, 2025 and 2024, respectively.

Note 13. Facility Leases

Operations Facility: LHR occupies space at the Leesburg Airpark complex located at 750 Miller Drive, Leesburg, Virginia which consists of approximately 13,800 square feet of combined warehouse and office space including office and meeting space for other human service nonprofits. During 2015, Loudoun County purchased the building and started providing the space by agreement as an in-kind contribution. In February 2019, the County approved a lease amendment to expand the space, but ultimately, renovation and expansion did not occur until 2023. In February 2024, the County approved an amendment to extend the lease and rent abatement through December 2040. LHR is responsible for utilities and routine maintenance costs. In-kind rent expense under this lease for fiscal year 2025 amounted to $166,560.

Warehouse Facility: LHR entered into a sub-lease arrangement with Walgreens of Virginia, Inc. for approximately 3,480 square feet of warehouse space at 452 South King Street, Leesburg, Virginia. The lease commenced in May 2011 and was amended and extended through December 2027 with a fixed annual payment of $16,530.

Minimum lease commitment under this lease is as follows:

Fiscal year ending June 30:	Amount
2026	$ 16,530
2027	16,530
2028	6,888
Total lease payments	39,948
Less: amount representing interest	(1,812)
Present value of lease liability	$ 38,136

At June 30, 2025, the weighted average lease term was 2.48 years, and the weighted average discount was 4%. There were no variable lease costs, CAM or taxes.

Note 14. Subsequent Events

Loudoun Hunger Relief, Inc. has evaluated subsequent events from June 30, 2025 through September 10, 2025 the date these financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended June 30, 2025.