

Partnership for a Healthier America, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2025 and 2024

Partnership for a Healthier America, Inc.

Financial Statements
June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Partnership for a Healthier America, Inc.

Opinion

We have audited the accompanying financial statements of Partnership for a Healthier America, Inc. (PHA), which comprise the statements of financial position as of June 30, 2025 and 2024; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 PHA 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 PHA'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 PHA'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 PHA'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.



Vienna, Virginia
November 5, 2025

Partnership for a Healthier America, Inc.

Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 2,410,888	\$ 2,417,301
Investments	2,961,440	3,576,838
Accounts receivable	1,158	75,000
Federal grants receivable	25,000	-
In-kind receivable	476,805	-
Grants and contributions receivable, net	2,241,237	4,528,181
Prepaid expenses and other assets	35,783	57,603
Property and equipment, net	<u>84,582</u>	<u>132,066</u>
Total assets	<u>\$ 8,236,893</u>	<u>\$ 10,786,989</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 608,425</u>	<u>\$ 666,874</u>
Total liabilities	<u>608,425</u>	<u>666,874</u>
Net Assets		
Without donor restrictions	4,140,144	4,071,697
With donor restrictions	<u>3,488,324</u>	<u>6,048,418</u>
Total net assets	<u>7,628,468</u>	<u>10,120,115</u>
Total liabilities and net assets	<u>\$ 8,236,893</u>	<u>\$ 10,786,989</u>

See accompanying notes.

Partnership for a Healthier America, Inc.

Statement of Activities
For the Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Grants and contributions	\$ 795,905	\$ 820,761	\$ 1,616,666
Federal grants	25,000	-	25,000
In-kind contributions	103,200	540,000	643,200
Program management and evaluation fees	262,500	-	262,500
Sponsorships	236,000	-	236,000
Investment return, net	200,478	-	200,478
Other income	10,353	-	10,353
Released from restrictions	<u>3,920,855</u>	<u>(3,920,855)</u>	<u>-</u>
Total revenue and support	<u>5,554,291</u>	<u>(2,560,094)</u>	<u>2,994,197</u>
Expenses			
Program services:			
Catalyzing action	2,662,421	-	2,662,421
Commitments	1,141,901	-	1,141,901
Convening	<u>119,836</u>	<u>-</u>	<u>119,836</u>
Total program services	<u>3,924,158</u>	<u>-</u>	<u>3,924,158</u>
Supporting services:			
General and administrative	1,225,023	-	1,225,023
Fundraising	<u>336,663</u>	<u>-</u>	<u>336,663</u>
Total supporting services	<u>1,561,686</u>	<u>-</u>	<u>1,561,686</u>
Total expenses	<u>5,485,844</u>	<u>-</u>	<u>5,485,844</u>
Change in Net Assets	68,447	(2,560,094)	(2,491,647)
Net Assets, beginning of year	<u>4,071,697</u>	<u>6,048,418</u>	<u>10,120,115</u>
Net Assets, end of year	<u><u>\$ 4,140,144</u></u>	<u><u>\$ 3,488,324</u></u>	<u><u>\$ 7,628,468</u></u>

See accompanying notes.

Partnership for a Healthier America, Inc.

Statement of Activities
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Grants and contributions	\$ 891,982	\$ 7,021,238	\$ 7,913,220
In-kind contributions	292,554	-	292,554
Program management and evaluation fees	247,500	-	247,500
Sponsorships	139,000	-	139,000
Investment return, net	275,306	-	275,306
Other income	84,592	-	84,592
Released from restrictions	3,310,923	(3,310,923)	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	5,241,857	3,710,315	8,952,172
	<hr/>	<hr/>	<hr/>
Expenses			
Program services:			
Catalyzing action	2,832,847	-	2,832,847
Commitments	721,252	-	721,252
Convening	150,587	-	150,587
	<hr/>	<hr/>	<hr/>
Total program services	3,704,686	-	3,704,686
	<hr/>	<hr/>	<hr/>
Supporting services:			
General and administrative	1,123,483	-	1,123,483
Fundraising	380,627	-	380,627
	<hr/>	<hr/>	<hr/>
Total supporting services	1,504,110	-	1,504,110
	<hr/>	<hr/>	<hr/>
Total expenses	5,208,796	-	5,208,796
	<hr/>	<hr/>	<hr/>
Change in Net Assets	33,061	3,710,315	3,743,376
Net Assets, beginning of year	4,038,636	2,338,103	6,376,739
	<hr/>	<hr/>	<hr/>
Net Assets, end of year	<u>\$ 4,071,697</u>	<u>\$ 6,048,418</u>	<u>\$ 10,120,115</u>

See accompanying notes.

Partnership for a Healthier America, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services				Supporting Services			Total
	Catalyzing Action	Commitments	Convening	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Subgrants to food banks	\$ 853,249	\$ 299,214	\$ -	\$ 1,152,463	\$ -	\$ -	\$ -	\$ 1,152,463
Salaries and benefits	1,040,672	491,467	6,347	1,538,486	850,220	294,538	1,144,758	2,683,244
Communications	215,890	25,960	887	242,737	-	-	-	242,737
Industry-paid evaluations	198,758	108,660	-	307,418	-	-	-	307,418
Professional fees	71,727	566	-	72,293	80,691	10,617	91,308	163,601
Depreciation, insurance, and other	39,568	28,024	3,000	70,592	55,512	16,624	72,136	142,728
Information and technology	10,437	955	-	11,392	90,084	300	90,384	101,776
Meetings and events	13,293	150,682	95,760	259,735	-	-	-	259,735
Occupancy	146	-	-	146	66,514	-	66,514	66,660
Travel	41,685	28,903	12,600	83,188	41,249	14,466	55,715	138,903
Payroll service and other	7,523	7,181	485	15,189	36,419	63	36,482	51,671
Office	3,078	289	757	4,124	4,334	55	4,389	8,513
In-kind contributions	166,395	-	-	166,395	-	-	-	166,395
Total Expenses	\$ 2,662,421	\$ 1,141,901	\$ 119,836	\$ 3,924,158	\$ 1,225,023	\$ 336,663	\$ 1,561,686	\$ 5,485,844

See accompanying notes.

Partnership for a Healthier America, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services				Supporting Services			Total
	Catalyzing Action	Commitments	Convening	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Subgrants to food banks	\$ 790,202	\$ 15,075	\$ -	\$ 805,277	\$ 20,000	\$ -	\$ 20,000	\$ 825,277
Salaries and benefits	1,037,782	270,956	29,418	1,338,156	841,296	260,578	1,101,874	2,440,030
Communications	460,199	65,565	199	525,963	-	-	-	525,963
Industry-paid evaluations	162,081	74,845	-	236,926	-	-	-	236,926
Professional fees	59,614	23,835	-	83,449	39,613	83,164	122,777	206,226
Bad debt	-	15,450	-	15,450	-	-	-	15,450
Depreciation, insurance, and other	57,246	17,538	1,669	76,453	28,606	22,312	50,918	127,371
Information and technology	50,131	469	786	51,386	53,893	948	54,841	106,227
Meetings and events	55,996	3,548	90,387	149,931	-	-	-	149,931
Occupancy	-	-	-	-	60,167	596	60,763	60,763
Travel	55,706	27,698	25,942	109,346	31,511	11,972	43,483	152,829
Payroll service and other	6,472	8,124	1,498	16,094	41,818	835	42,653	58,747
Office	2,864	149	688	3,701	6,579	222	6,801	10,502
In-kind contributions	94,554	198,000	-	292,554	-	-	-	292,554
Total Expenses	\$ 2,832,847	\$ 721,252	\$ 150,587	\$ 3,704,686	\$ 1,123,483	\$ 380,627	\$ 1,504,110	\$ 5,208,796

See accompanying notes.

Partnership for a Healthier America, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (2,491,647)	\$ 3,743,376
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized gain on investments	(155,448)	(151,462)
Change in discount to net present value	(88,476)	91,034
Bad debt expense	-	15,450
Depreciation and amortization	82,254	71,792
Write of off property and equipment	-	11,748
Change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	73,842	165,450
Federal grants receivable	(25,000)	101,250
In-kind receivable	(476,805)	-
Grants and contributions receivable	2,375,420	(3,673,087)
Prepaid expenses and other assets	21,820	(14,930)
(Decrease) increase in:		
Accounts payable and accrued expenses	(58,449)	378,236
Net cash (used in) provided by operating activities	<u>(742,489)</u>	<u>738,857</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	11,210,000	8,800,000
Purchases of investments	(10,439,154)	(12,225,376)
Purchases of property and equipment	<u>(34,770)</u>	<u>(72,231)</u>
Net cash provided by (used in) investing activities	<u>736,076</u>	<u>(3,497,607)</u>
Net Decrease in Cash and Cash Equivalents	(6,413)	(2,758,750)
Cash and Cash Equivalents, beginning of year	<u>2,417,301</u>	<u>5,176,051</u>
Cash and Cash Equivalents, end of year	<u>\$ 2,410,888</u>	<u>\$ 2,417,301</u>

See accompanying notes.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

1. Nature of Operations

Partnership for a Healthier America, Inc. (PHA) was incorporated on January 13, 2010 in the state of Delaware as a nonprofit corporation. PHA is devoted to transforming the food landscape in pursuit of health equity. PHA's vision is that all children, families, and adults – especially those disproportionately affected – will live healthier lives free from diet-related diseases, such as obesity, diabetes, heart disease, and other chronic conditions. PHA leverages the power of the private sector to transform the food landscape in pursuit of health equity.

PHA employs its vast convening power, diverse network, and thought leadership to develop and spotlight the top programs and practices with the greatest potential to create positive change in the U.S. food landscape. PHA works with organizations across the supply chain – food producers, manufacturers, distributors, and retailers – to improve the nutritional profile of foods and beverages wherever consumers are – resulting in a greater volume of healthier options for all. PHA also collaborates with other nonprofit organizations, including food banks, who understand the importance of, not just providing any food to communities in need, but providing the right food to children and families who suffer the most from health disparities caused by lack of access to healthier food options.

The following are PHA's main programs:

Catalyzing Action: PHA's programs make healthier choices easier to access and encourage Americans to make those healthier choices. PHA's programs are designed to remind everyone, especially busy parents and families, about healthy options. From social media to traditional advertising, PHA highlights the actions of its partners to provide healthy options and encourage people to choose healthy options.

Commitments: PHA negotiates commitments from industry partners to ensure they increase access to healthy options for Americans. For example, PHA asks industry partners to reformulate food or enhance physical activity programs. As part of their commitment agreements, PHA monitors the efforts of its industry partners.

Convening: Bringing together leaders from across the public, private, nonprofit, and philanthropic sectors is critical to ensuring that everyone in the United States, no matter their zip code, has access to foods that build health. PHA brings people together to challenge our current food system and shift the paradigm towards good food and healthier communities with all of our events, but in particular through our annual Summit. Indirect costs, such as personnel costs and occupancy, related to the planning of these events are expensed as incurred.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

PHA's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

PHA considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Investments

Investments are recorded at fair value based on quoted market prices. Unrealized gains and losses, net of investment fees, are reported as a component of net investment return in the accompanying statements of activities.

Accounts Receivable

Accounts receivable are recorded at net realizable value and are all due within one year. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. However, PHA has historically had insignificant write-offs due to bad debts.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Federal Grants Receivable

Federal grants receivable consist primarily of amounts to be reimbursed to PHA for expenses incurred under agreements with federal agencies. PHA uses the allowance method to account for amounts that are considered to be uncollectible, based on historical experience and management's current estimates of potentially uncollectible amounts. No allowance for doubtful federal grants receivable is recorded at June 30, 2025 and 2024, as management believes that all amounts are fully collectible.

In-Kind Receivable

In-kind receivable primarily represents Fresh Funds codes and memberships provided to PHA, which are available to be redeemed by program participants in designated Fresh Funds cities. This receivable arises from committed in-kind contributions that support program delivery and participant engagement. Management has evaluated the collectability of in-kind receivable as of June 30, 2025 and 2024, and believes that all amounts are fully realizable based on the nature of the contributions, historical redemption patterns, and the reliability of the counterparties. Accordingly, no allowance has been deemed necessary.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to PHA. Grants and contributions receivable are reflected at their net realizable value. Grants and contributions receivable due in more than one year are discounted to present value based on management's estimate of the risk-adjusted rate of return.

Management believes that all grants and contributions receivable are fully collectible at June 30, 2025 and 2024, and accordingly, no allowance for doubtful grants and contributions receivable is recorded.

Receivable balances are reviewed on a periodic basis to assess collectability. In performing this assessment, management considers factors such as the donor's creditworthiness, the organization's relationship with the donor, and the aging of outstanding balances. Receivables determined to be uncollectible are written off directly to bad debt expense. Bad debt expense totaled \$0 and \$15,450 for the years ended June 30, 2025 and 2024, respectively. Management believes that the direct write-off method provides results that are substantially the same as those that would have been obtained if an allowance method had been used.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions consist of donated fresh food credits and advertisements. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt.

Property and Equipment

Property and equipment purchased with a cost of \$1,000 or more and with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of their estimated useful lives or the lease term. Repairs and maintenance costs are expensed as incurred.

Leases

PHA records a right-of-use (ROU) asset and liability for its operating lease at the lease commencement date. The ROU asset is amortized over the shorter of the lease term or the economic life of the leased asset. The associated lease liability represents the net present value of the future amounts due under the lease, calculated using a risk-free rate of return selected based on the term of the lease. For real estate leases, non-lease components are separated from the lease components for accounting purposes. PHA does not apply the recognition requirements under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*, to short-term leases and membership agreements.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Grants and contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. PHA reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of PHA's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Federal grants and contracts are conditioned upon certain performance requirements and incurrence of allowable qualifying expenses. Amounts received are recognized as revenue upon incurring the expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position. No amounts have been received in advance under federal grants at June 30, 2025 and 2024.

Sponsorships that are nonreciprocal are recognized as contributions. Typically, sponsorship agreements contain a right of return or right of release from obligation, should the sponsored event not take place. As such, PHA recognizes revenue for these conditional contributions when the related event is conducted.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when PHA satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration PHA expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, PHA combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

Specifically, for the various types of contracts, PHA recognizes revenue as follows:

Program management and evaluation fees are associated with agreements made by PHA with various industry partners aimed at promoting healthy choices, such as reducing calorie intake in restaurant meals or endorsing healthy products. As part of these agreements, PHA engages in monitoring activities periodically to ensure partners are fulfilling their commitments. Partners pay annual fees and/or evaluation fees to receive feedback from PHA regarding the success of their efforts. Revenue recognition occurs after performance obligations have been met, with revenue recognized at the time of invoicing the partners. These agreements typically have a one-year term, renewable annually, aligned with PHA's fiscal year end, and can be terminated by either party with due notice as stipulated in the agreement terms. Fees paid by partners are non-refundable, as they receive access to content and logo usage rights for one year. PHA considers all deliverables as a bundled set of performance obligations earned upon execution of the agreement.

Subgrant Expenses

Subgrant expenses represent costs incurred by PHA in fulfilling its obligations under grant agreements and are recognized in the statements of activities in the period in which the related services are performed or expenses incurred, consistent with the timing of recognition of grant revenue. Subgrant expenses include direct costs such as personnel expenses, food supplies, and other expenses directly attributable to grant-funded programs, as well as indirect costs reasonably allocable to grant activities. Indirect costs are allocated to grant programs based on a reasonable and consistently applied methodology. PHA evaluates grant expenses on an ongoing basis to ensure alignment with grant objectives and compliance with grant requirements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 presentation. These reclassifications have no effect on the change in net assets previously reported.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Advertising Costs

PHA expenses advertising costs as incurred. Advertising expenses were \$103,261 and \$109,854 for the years ended June 30, 2025 and 2024, respectively.

Subsequent Events

In preparing these financial statements, PHA has evaluated events and transactions for potential recognition or disclosure through November 5, 2025, the date the financial statements were available to be issued.

3. Liquidity and Availability

PHA operates under an investment policy that describes the investment philosophies and investment management procedures that should be utilized for managing the financial assets of PHA to ensure liquidity where appropriate to meet necessary cash flow requirements as well as its long-term goals. PHA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of this liquidity management, PHA invests cash in excess of daily requirements in various cash equivalents.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

3. Liquidity and Availability (continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,410,888	\$ 2,417,301
Investments	2,961,440	3,576,838
Accounts receivable	1,158	75,000
Federal grants receivable	25,000	-
Grants and contributions receivable, net	2,241,237	4,528,181
Less: restricted by donors with purpose or time restrictions	<u>(3,488,324)</u>	<u>(6,048,418)</u>
Total available for general expenditures	<u>\$ 4,151,399</u>	<u>\$ 4,548,902</u>

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject PHA to significant concentrations of credit risk consist of cash and cash equivalents, and investments. PHA maintains cash deposit and transaction accounts, along with investments, with a financial institution and these values, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation. The uninsured portions of these accounts are backed solely by the asset of the underlying financial institution. Therefore, the failure of an underlying institution could result in financial loss of PHA. At June 30, 2025 and 2024, PHA's balances exceed federally insured limits by approximately \$4,850,000 and \$5,450,000, respectively.

Revenue Risk

For the years ended June 30, 2025 and 2024, a substantial portion of PHA's revenue was generated from a small number of donors. One and two donors accounted for 40% and 67% of PHA's total operating revenue for the years ended June 30, 2025 and 2024, respectively.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
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5. Investments and Fair Value Measurements

PHA follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. In general, and where applicable, PHA uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

PHA invests in treasury bills and notes, which are valued based on quoted prices for instruments that are identical or similar in markets that are not active and for which all significant inputs are observable, either directly or indirectly, in active markets. As such, these assets are classified as Level 2.

The following table presents PHA's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Treasury bills and notes	\$ -	\$ 2,961,440	\$ -	\$ 2,961,440
Total investments	\$ -	\$ 2,961,440	\$ -	\$ 2,961,440

Partnership for a Healthier America, Inc.

Notes to Financial Statements
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5. Investments and Fair Value Measurements (continued)

The following table presents PHA's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Treasury bills and notes	\$ -	\$ 3,576,838	\$ -	\$ 3,576,838
Total investments	\$ -	\$ 3,576,838	\$ -	\$ 3,576,838

Net investment return consists of the following for the years ended June 30:

	2025	2024
Interest and dividends	\$ 45,030	\$ 124,024
Unrealized gains	155,448	151,462
Less: investment fees	-	(180)
Total investment return, net	\$ 200,478	\$ 275,306

6. Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from individual and corporate donors, as well as foundations, and are due as follows at June 30:

	2025	2024
Receivable in less than one year	\$ 2,050,670	\$ 2,554,681
Receivable in one to five years	200,000	2,071,409
Total grants and contributions receivable	2,250,670	4,626,090
Less: present value discount at 5.15%	(9,433)	(97,909)
Grants and contributions receivable, net	\$ 2,241,237	\$ 4,528,181

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7. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Website software and development	\$ 760,007	\$ 728,843
Furniture and equipment	<u>41,845</u>	<u>38,239</u>
Total property and equipment	801,852	767,082
Less: accumulated depreciation and amortization	<u>(717,270)</u>	<u>(635,016)</u>
Property and equipment, net	<u><u>\$ 84,582</u></u>	<u><u>\$ 132,066</u></u>

8. In-Kind Contributions

Contributed non-financial assets recognized within the statements of activities include the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Fresh food credits	\$ 540,000	\$ 198,000
Advertising	<u>103,200</u>	<u>94,554</u>
Total in-kind contributions	<u><u>\$ 643,200</u></u>	<u><u>\$ 292,554</u></u>

Contributed fresh food credits are recorded at estimated fair value based on principal market prices of identical or comparable products. These credits are utilized in the delivery of program services. At June 30, 2025, contributed fresh food credits were restricted for use in the Fresh Food Fund program. No such restrictions existed as of June 30, 2024.

Contributed advertising is valued using estimated principal market prices of identical or similar products. Contributed advertising is used for program services and were not restricted at June 30, 2025 and 2024.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
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9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Purpose restricted:		
Fresh Food Fund	\$ 564,637	\$ 803,296
Good Food for Cities	2,423,687	4,520,122
Healthy Hunger Relief Program	100,000	-
Time restricted:		
General operating grants	<u>400,000</u>	<u>725,000</u>
Total net assets with donor restrictions	<u>\$ 3,488,324</u>	<u>\$ 6,048,418</u>

Net assets released from donor restrictions consisted of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Purpose restricted:		
Fresh Food Fund	\$ 778,658	\$ 948,568
Good Food for All	-	313,000
Good Food for Cities	2,745,197	1,381,241
Coahoma Mobile Markets	72,000	-
Time restricted:		
General operating grants	<u>325,000</u>	<u>668,114</u>
Total net assets released from donor restrictions	<u>\$ 3,920,855</u>	<u>\$ 3,310,923</u>

10. Commitments and Contingencies

Membership Agreement

On October 27, 2022, PHA entered into a membership agreement for shared office space in Washington, DC, beginning December 1, 2022, with a 13-month term and a base monthly fee of \$2,848. This agreement was amended and extended on October 31, 2024, through November 30, 2025, at a monthly rate of \$2,850.

Partnership for a Healthier America, Inc.

Notes to Financial Statements
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10. Commitments and Contingencies (continued)

Membership Agreement (continued)

The original shared location was closed in February 2024. On February 15, 2024, PHA entered into a new membership agreement for a different Washington, DC office space. The new agreement commenced on February 15, 2024, with a 12-month term. The monthly rate was \$806 for the first four months and \$405 for the following eight months beginning July 1, 2024.

On November 20, 2024, this agreement was renewed effective March 1, 2025, for an 18-month term expiring August 31, 2026. The renewal provided for one month of rent abatement, followed by monthly payments of \$4,347 for the remaining 17 months beginning April 1, 2025.

PHA does not apply the recognition requirements of ASC Topic 842, *Leases*, to short-term leases and membership agreements. Rent expense totaled \$59,435 and \$51,089 for the years ended June 30, 2025 and 2024, respectively.

Federal Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants are completed, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

Employment Agreement

PHA has an employment agreement with the President and CEO which contains terms that require payments upon the occurrence of certain contractual events.

11. Retirement Plan

PHA sponsors a defined 401(k) savings plan, which is available to all employees meeting certain eligibility requirements as defined by the plan document. Under the plan, PHA makes contributions to the plan equal to employee contributions up to a limit of 4% of participant compensation. PHA's contributions totaled \$88,224 and \$77,527 for the years ended June 30, 2025 and 2024, respectively.

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12. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and benefits, professional fees, communications, occupancy, travel, office expense, information and technology, and depreciation, insurance, and other, which are allocated on the basis of estimates of time and effort.

13. Income Taxes

PHA is exempt from payment of taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) on income other than net unrelated business income. PHA has been classified by the Internal Revenue Service as other than a private foundation within the meaning of IRC Section 509(a)(1). Contributions to PHA are deductible as provided in IRC Section 170(b)(1)(A)(vi). For the years ended June 30, 2025 and 2024, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Management has evaluated PHA's tax positions and concluded that the financial statements do not include any uncertain tax positions.