

SOUTHEAST REGIONAL COOPERATIVE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024



SOUTHEAST REGIONAL COOPERATIVE, INC.

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DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeast Regional Cooperative, Inc.

Opinion

We have audited the financial statements of Southeast Regional Cooperative, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Southeast Regional Cooperative, Inc. as of December 31, 2025 and 2024, and the change 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 Southeast Regional Cooperative, 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 Southeast Regional Cooperative, Inc.'s ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Southeast Regional Cooperative, 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 Southeast Regional Cooperative, 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.

Richards, Cauley & Associates, LLC

Rome, Georgia

September 22, 2026

SOUTHEAST REGIONAL COOPERATIVE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,007,013	\$ 1,480,057
Accounts receivable, net of allowance for credit losses of \$142,165 and \$23,015	1,461,854	616,463
Grants receivable	<u>-</u>	<u>20,000</u>
Total current assets	<u>3,468,867</u>	<u>2,116,520</u>
 Property and equipment, net	 <u>3,018</u>	 <u>4,360</u>
 Total assets	 <u><u>\$ 3,471,885</u></u>	 <u><u>\$ 2,120,880</u></u>
 Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 1,454,158	\$ 831,729
Accrued expenses	<u>21,026</u>	<u>17,040</u>
Total liabilities	<u>1,475,184</u>	<u>848,769</u>
 Net assets		
Without donor restrictions	1,980,656	1,204,926
With donor restrictions	<u>16,045</u>	<u>67,185</u>
Total net assets	<u>1,996,701</u>	<u>1,272,111</u>
 Total liabilities and net assets	 <u><u>\$ 3,471,885</u></u>	 <u><u>\$ 2,120,880</u></u>

See accompanying independent auditor's report and notes to the financial statements

SOUTHEAST REGIONAL COOPERATIVE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Program revenues			
Food sales	\$ 13,623,145	\$ -	\$ 13,623,145
Freight	2,293,741	-	2,293,741
Other program revenues	1,678,166	-	1,678,166
Grants and contributions	-	465,000	465,000
Other income	1,010	-	1,010
Total support and revenue	<u>17,596,062</u>	<u>465,000</u>	<u>18,061,062</u>
Net assets released from restrictions	<u>516,140</u>	<u>(516,140)</u>	<u>-</u>
Expenses			
Program services	16,735,944	-	16,735,944
Management and general	584,720	-	584,720
Fundraising	15,808	-	15,808
Total operating expenses	<u>17,336,472</u>	<u>-</u>	<u>17,336,472</u>
Change in net assets	775,730	(51,140)	724,590
Net assets - beginning of year	<u>1,204,926</u>	<u>67,185</u>	<u>1,272,111</u>
Net assets - end of year	<u><u>\$ 1,980,656</u></u>	<u><u>\$ 16,045</u></u>	<u><u>\$ 1,996,701</u></u>

See accompanying independent auditor's report and notes to the financial statements

SOUTHEAST REGIONAL COOPERATIVE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Program revenues			
Contracted services	\$ 25,000	\$ -	\$ 25,000
Food sales	10,145,970	-	10,145,970
Freight	1,715,247	-	1,715,247
Other program revenues	1,279,111	-	1,279,111
Grants and contributions	-	937,177	937,177
Other income	950	-	950
Total support and revenue	<u>13,166,278</u>	<u>937,177</u>	<u>14,103,455</u>
Net assets released from restrictions	<u>2,302,834</u>	<u>(2,302,834)</u>	<u>-</u>
Expenses			
Program services	13,775,486	-	13,775,486
Management and general	283,498	-	283,498
Fundraising	13,555	-	13,555
Total operating expenses	<u>14,072,539</u>	<u>-</u>	<u>14,072,539</u>
Change in net assets	1,396,573	(1,365,657)	30,916
Net assets - beginning of year	<u>(191,647)</u>	<u>1,432,842</u>	<u>1,241,195</u>
Net assets - end of year	<u>\$ 1,204,926</u>	<u>\$ 67,185</u>	<u>\$ 1,272,111</u>

See accompanying independent auditor's report and notes to the financial statements

SOUTHEAST REGIONAL COOPERATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Program Services	Management and General	Fundraising	Total
Provision for credit losses	\$ -	\$ 119,150	\$ -	\$ 119,150
Depreciation expense	-	1,341	-	1,341
Food acquisition costs	8,489,253	-	-	8,489,253
Freight and packaging	7,376,703	-	-	7,376,703
Grant specific expenses	174,448	-	-	174,448
Information technology	-	31,963	-	31,963
Insurance	-	71,661	-	71,661
Meetings and conferences	-	6,237	-	6,237
Office expenses	-	134,800	-	134,800
Professional fees	-	24,685	-	24,685
Salaries, benefits and taxes	695,540	79,038	15,808	790,386
Travel	-	94,124	-	94,124
Miscellaneous	-	21,721	-	21,721
Total expenses	<u>\$ 16,735,944</u>	<u>\$ 584,720</u>	<u>\$ 15,808</u>	<u>\$ 17,336,472</u>

See accompanying independent auditor's report and notes to the financial statements

SOUTHEAST REGIONAL COOPERATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	Total
Provision for credit losses	\$ -	\$ (92,461)	\$ -	\$ (92,461)
Depreciation expense	-	1,341	-	1,341
Food acquisition costs	5,216,908	-	-	5,216,908
Freight and packaging	7,962,145	-	-	7,962,145
Information technology	-	26,720	-	26,720
Insurance	-	57,343	-	57,343
Meetings and conferences	-	3,657	-	3,657
Office expenses	-	95,705	-	95,705
Professional fees	-	64,638	-	64,638
Salaries, benefits and taxes	596,433	67,778	13,555	677,766
Travel	-	41,359	-	41,359
Miscellaneous	-	17,418	-	17,418
Total expenses	<u>\$ 13,775,486</u>	<u>\$ 283,498</u>	<u>\$ 13,555</u>	<u>\$ 14,072,539</u>

See accompanying independent auditor's report and notes to the financial statements

SOUTHEAST REGIONAL COOPERATIVE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash inflow (outflow) from operating activities		
Change in net assets	\$ 724,590	\$ 30,916
Depreciation	1,341	1,341
Provision for credit losses	119,150	(92,461)
Changes in assets and liabilities		
Accounts receivable	(964,541)	254,252
Grants receivable	20,000	(20,000)
Accounts payable	622,429	4,723
Accrued expenses	3,987	2,862
Net cash provided by operating activities	<u>526,956</u>	<u>181,633</u>
Net increase in cash and cash equivalents	526,956	181,633
Cash and cash equivalents, beginning of year	<u>1,480,057</u>	<u>1,298,424</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,007,013</u></u>	<u><u>\$ 1,480,057</u></u>

See accompanying independent auditor's report and notes to the financial statements

SOUTHEAST REGIONAL COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Southeast Regional Cooperative, Inc. ("the Cooperative"), have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Nature of activities

The Cooperative is a non-profit organization that was incorporated in 2017 and aims to provide food banks in the southeast region with a diverse range of fresh produce, emphasizing quality and variety. The primary mission of the program is to streamline the donation and purchase of produce at the most affordable cost, ensuring steady demand for growers, distributors, and other participants in the supply chain.

Basis of presentation

The financial statements have been prepared in accordance with US GAAP, which require the Cooperative to report information regarding its financial position and activities according to the following net asset classifications:

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 Cooperative. These net assets may be used at the discretion of management and the board of directors.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Cooperative satisfying the specified purpose or the passage of time.

Net assets, revenues, and gains are classified based on the existence or absence of donor-imposed restrictions.

Net assets released from restrictions

When a donor-imposed restriction expires, resulting from a stipulated time restriction ending or a purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Cash and cash equivalents

For purposes of the financial statements, the Cooperative considers all cash and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

SOUTHEAST REGIONAL COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance for credit losses

The allowance estimate derived from a review of the Cooperative's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Cooperative. The Cooperative believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Cooperative's portfolio segments have remained constant since the Cooperative's inception.

The Cooperative writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs, net of recoveries was \$0 and \$426 for the years ended December 31, 2025 and 2024, respectively.

The allowance for credit losses for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Beginning balance	\$ 23,015	\$ 115,902
Transition adjustment	-	-
Provision for credit losses	119,150	(92,461)
Write-offs	-	(426)
Recoveries	-	-
Ending balance	<u>\$ 142,165</u>	<u>\$ 23,015</u>

Property and Equipment

The Cooperative's policy is to capitalize property and equipment over \$2,500, lesser amounts are expensed. Property and equipment are carried at cost and depreciated over the estimated useful life of each asset. Depreciation is computed using the straight-line method. The estimated useful lives of property and equipment is five years. When assets are retired or otherwise disposed of, their costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in other income.

Revenue recognition policy

The Cooperative derives its revenues primarily from food sales. Revenue derived from food sales and freight are recognized at the time of the sale and shipping.

Revenue is recorded net of any returns or discounts.

SOUTHEAST REGIONAL COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition policy

Unconditional promises to give are recognized as support in the period promised. Contributions not previously pledged are recognized as support in the period received. Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. As of December 31, 2025 and 2024, there are no unconditional promises to give.

Conditional promises to give depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. Payments received on conditional promises to give are recognized as a liability and classified as unearned revenue on the statements of financial position until the gift becomes unconditional.

Recognition of increases in net assets

Contributions received are recorded as net assets with or without donor-imposed restrictions, depending on the existence and/or nature of any donor restrictions. Restricted contributions whose restrictions are met in the same reporting period are classified as unrestricted contributions in the statements of activities.

Contributions, which include unconditional promises to give, are recognized as revenues in the period received or promised. The Cooperative records other miscellaneous increases on the accrual basis of accounting.

Noncash contributions

Noncash contributions acquired by donation are stated at fair market value at the time of donation. Such donations are reported as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Cooperative reports expirations of donor restrictions when the donated or acquired assets are placed in service. Contributions of the free use of facilities are recognized at fair value at the date of the donation.

Performance obligations

Performance obligations in regard to food sales and freight income are met at the time the food is shipped, which coincides with the time of sale.

Performance obligations in regard to fees and subscriptions are met during the month of the subscription or the time of the shipment for administrative fees.

SOUTHEAST REGIONAL COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income taxes

The Cooperative is a non-profit organization under IRC Section 501(c)(3) exempt from federal and state income taxes. Therefore, no provision has been made for income taxes in these financial statements. The income tax filings of the Cooperative are subject to audit by various taxing authorities. Open audit periods are 2023-2025. No interest or penalties assessed from tax jurisdictions were incurred or paid for the years ending December 31, 2025 and 2024.

Commitments

Food banks commit in advance to participate in the Cooperative program by selecting a set volume and frequency of mixed produce trucks to receive per week or month. The commodity mix for any truck will be based on what is in season, available on the secondary market, and/or of value to food banks as decided by the Cooperative. The food banks are charged a fixed price per pound for produce based on truckloads delivered, without respect to commodities therein.

Additionally, the food banks are charged an administrative fee with each shipment. Participating food banks are invoiced a monthly subscription fee based on the total number of trucks or partial trucks to be received that month. Administrative fees and monthly subscription fees are classified as unrestricted contributions in the statements of activities as other program revenues. Freight fees are based on actual costs for each delivery.

Program service costs

The financial statements report certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The most significant expenses that are allocated include compensation and benefits and contributed personnel service to affiliates, which are allocated by time and effort. All other expenses are allocated directly by functional categories or indirectly based on a reasonable basis.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Concentrations

The Cooperative maintains cash deposits in high-quality financial institutions. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Cooperative believes there is no significant risk with respect to these deposits.

Subsequent events

Management has evaluated subsequent events through September 22, 2026 the date the financial statements were available to be issued

SOUTHEAST REGIONAL COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Cooperative's financial assets available within one year of the statements of financial position dates for general expenditures are as follows:

	2025	2024
Cash	\$ 2,007,013	\$ 1,480,057
Accounts receivable	1,604,019	639,478
Allowance for credit losses	(142,165)	(23,015)
	<u>3,468,867</u>	<u>2,096,520</u>
Less financial assets with donor restrictions	(16,045)	(67,185)
Financial assets available for general expenditure	<u>\$ 3,452,822</u>	<u>\$ 2,029,335</u>

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2025 and 2024 consist of the following:

	2025	2024
Accounts receivable	\$ 1,604,019	\$ 639,478
Allowance for credit losses	(142,165)	(23,015)
	<u>\$ 1,461,854</u>	<u>\$ 616,463</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2025 and 2024:

	2025	2024
Equipment	\$ 6,707	\$ 6,707
Less accumulated depreciation	(3,689)	(2,347)
	<u>\$ 3,018</u>	<u>\$ 4,360</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$1,341 and \$1,341, respectively.

SOUTHEAST REGIONAL COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2025 and 2024:

	2025	2024
Subject to expenditure for specific purpose:		
Perishable food distribution	\$ 15,045	\$ 67,185
Cooperative convening support	1,000	-
	<u>\$ 16,045</u>	<u>\$ 67,185</u>

NOTE 6 – CONCENTRATIONS

At December 31, 2025, approximately 46% of accounts receivable and 83% of revenue were from two food banks. At December 31, 2024, approximately 73% of accounts receivable and 83% of revenue were from two food banks.

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Cooperative has a 401(k) plan “Plan” to provide retirement benefits for its employees. Eligible employees may contribute a percentage of their annual compensation to the Plan, subject to annual maximum limits set by the Internal Revenue Service (\$23,500 for 2025 and \$23,000 for 2024). The Company complies with Safe Harbor Plan provisions at a rate of 5% of the eligible employee’s compensation.

For the years ended December 31, 2025 and 2024, employer-matching and non-elective contributions amounted to \$30,288 and \$35,835.