

Feeding America

Financial Report
June 30, 2019

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Independent Auditors' Report

RSM US LLP

Board of Directors
Feeding America

Report on the Financial Statements

We have audited the accompanying financial statements of Feeding America, which comprise the statements of financial position as of June 30, 2019, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feeding America as of June 30, 2019, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Feeding America adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during 2019. The adoption of the standard resulted in additional footnote disclosures and significant changes to classification of net assets and the disclosures related to net assets. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of Feeding America, as of and for the year ended June 30, 2018, were audited by other auditors, whose report, dated October 17, 2018, expressed an unmodified opinion on those statements.

RSM US LLP

Chicago, Illinois
November 15, 2019

Feeding America

Statements of Financial Position

June 30, 2019 and 2018

(In Thousands)

	2019	2018
Assets		
Current assets:		
Cash	\$ 70,500	\$ 65,365
Short-term investments	3,636	3,533
Contributions receivable, net	22,506	20,510
Accounts receivable, net	6,592	7,836
Notes receivable, net	213	-
Other assets	769	1,258
Total current assets	104,216	98,502
Long-term investments	39,848	34,529
Contributions receivable, net	6,605	7,529
Notes receivable, net	136	495
Other assets	93	93
Furniture, software, and equipment, net	6,077	7,678
Total assets	\$ 156,975	\$ 148,826
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 12,189	\$ 11,673
Deferred revenue	2,982	2,609
Other obligations	116	104
Current portion of leases payable	514	492
Total current liabilities	15,801	14,878
Leases payable, less current portion	2,053	2,567
Other obligations	809	736
Total liabilities	18,663	18,181
Net assets:		
Without donor restrictions		
Undesignated	8,478	9,378
Board designated	35,336	30,272
	43,814	39,650
With donor restrictions	94,498	90,995
Total net assets	138,312	130,645
Total liabilities and net assets	\$ 156,975	\$ 148,826

See notes to financial statements.

Feeding America

Statements of Activities
Years Ended June 30, 2019 and 2018
(In Thousands)

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Public support and revenue:						
Public support:						
Individual contributions	\$ 49,872	\$ 2,404	\$ 52,276	\$ 50,235	\$ 17,883	\$ 68,118
Corporate contributions	34,132	20,483	54,615	32,895	11,837	44,732
Foundations	1,496	2,868	4,364	2,616	753	3,369
Corporate promotions	15,651	34,042	49,693	30,698	16,375	47,073
Total fundraising	101,151	59,797	160,948	116,444	46,848	163,292
Donated goods and services	2,643,647	-	2,643,647	2,637,558	-	2,637,558
Total public support	2,744,798	59,797	2,804,595	2,754,002	46,848	2,800,850
Revenue:						
Member fees	5,381	-	5,381	5,241	-	5,241
Conference fees	1,160	-	1,160	1,662	-	1,662
Other revenue	1,496	-	1,496	662	-	662
Food procurement revenue	62,816	-	62,816	70,889	-	70,889
Investment income	835	-	835	344	-	344
Net assets released from restrictions	56,116	(56,116)	-	50,150	(50,150)	-
Total public support and revenue	2,872,602	3,681	2,876,283	2,882,950	(3,302)	2,879,648
Expenses:						
Program services:						
Member services	70,054	-	70,054	70,967	-	70,967
Food procurement	2,745,264	-	2,745,264	2,753,823	-	2,753,823
Public awareness and education	6,561	-	6,561	6,695	-	6,695
Policy and advocacy	2,834	-	2,834	2,526	-	2,526
Programs	4,494	-	4,494	4,380	-	4,380
Research and analysis	3,595	-	3,595	3,476	-	3,476
Total program services	2,832,802	-	2,832,802	2,841,867	-	2,841,867
Supporting services:						
Management and general	9,931	-	9,931	11,987	-	11,987
Fund development	29,160	-	29,160	27,079	-	27,079
Total supporting services	39,091	-	39,091	39,066	-	39,066
Total expenses	2,871,893	-	2,871,893	2,880,933	-	2,880,933
Change in net assets before nonoperating activities	709	3,681	4,390	2,017	(3,302)	(1,285)
Nonoperating activities:						
Wills and bequests	1,852	44	1,896	1,412	-	1,412
Individual contributions	-	20	20	-	20	20
Investment returns	1,820	158	1,978	1,252	121	1,373
Other	(217)	(400)	(617)	(237)	362	125
Change in net assets	4,164	3,503	7,667	4,444	(2,799)	1,645
Net assets - beginning of year	39,650	90,995	130,645	35,206	93,794	129,000
Net assets - end of year	\$ 43,814	\$ 94,498	\$ 138,312	\$ 39,650	\$ 90,995	\$ 130,645

See notes to financial statements.

Feeding America

Statement of Functional Expenses
Year Ended June 30, 2019
(In Thousands)

	Program Services							Supporting Services					Total
	Member Services			Public Awareness and Education	Policy and Advocacy	Programs	Research and Analysis	Total Program Services	Management and General	Fund Development	Total Supporting Services		
Member Services	Food Procurement	Total Member Services	Member Services									Member Services	Member Services
Salaries	\$ 5,105	\$ 5,436	\$ 10,541	\$ 1,950	\$ 1,403	\$ 1,752	\$ 1,649	\$ 17,295	\$ 4,542	\$ 7,054	\$ 11,596	\$ 28,891	
Benefits and taxes	1,162	1,286	2,448	457	298	417	401	4,021	1,290	1,556	2,846	6,867	
Total salaries and related expenses	6,267	6,722	12,989	2,407	1,701	2,169	2,050	21,316	5,832	8,610	14,442	35,758	
Professional services and fees	1,262	1,614	2,876	1,624	715	1,025	1,056	7,296	2,353	6,799	9,152	16,448	
Telecommunications	51	72	123	20	11	18	21	193	45	74	119	312	
Advertising	-	-	-	611	-	643	-	1,254	-	2,392	2,392	3,646	
Postage and shipping	9	4	13	9	1	2	1	26	6	4,571	4,577	4,603	
Disaster purchases and transportation	-	2,080	2,080	-	-	-	-	2,080	-	4	4	2,084	
Food sourcing and transportation	1	62,737	62,738	-	-	-	-	62,738	7	-	7	62,745	
Occupancy	286	333	619	210	108	200	150	1,287	567	613	1,180	2,467	
Insurance	21	22	43	14	7	12	10	86	36	41	77	163	
Equipment and maintenance	188	15	203	7	4	11	7	232	17	22	39	271	
Printing and production	98	7	105	1,451	7	7	26	1,596	51	4,155	4,206	5,802	
Travel and business meetings	1,450	634	2,084	58	202	324	261	2,929	143	336	479	3,408	
Software expense	227	400	627	96	18	31	38	810	272	687	959	1,769	
Member grants	60,074	26,257	86,331	-	-	-	-	86,331	-	-	-	86,331	
Other	69	367	436	21	42	23	(53)	469	(23)	123	100	569	
Depreciation	44	681	725	33	17	29	23	827	323	720	1,043	1,870	
Total expenses before donated goods and services	70,047	101,945	171,992	6,561	2,833	4,494	3,590	189,470	9,629	29,147	38,776	228,246	
Donated goods and services	7	2,643,319	2,643,326	-	1	-	5	2,643,332	302	13	315	2,643,647	
Total	\$ 70,054	\$ 2,745,264	\$ 2,815,318	\$ 6,561	\$ 2,834	\$ 4,494	\$ 3,595	\$ 2,832,802	\$ 9,931	\$ 29,160	\$ 39,091	\$ 2,871,893	
Percent of total expenses	2.44%	95.59%	98.03%	0.23%	0.10%	0.16%	0.13%	98.64%	0.35%	1.02%	1.36%	100.00%	

See notes to financial statements.

Feeding America

Statement of Functional Expenses
Year Ended June 30, 2018
(In Thousands)

	Program Services								Supporting Services				Total
	Member Services			Public Awareness and Education	Policy and Advocacy	Programs	Research and Analysis	Total Program Services	Management and General	Fund Development	Total Supporting Services		
	Member Services	Food Procurement	Total Member Services										
Salaries	\$ 5,198	\$ 5,214	\$ 10,412	\$ 2,098	\$ 1,152	\$ 1,382	\$ 1,534	\$ 16,578	\$ 5,865	\$ 5,683	\$ 11,548	\$ 28,126	
Benefits and taxes	1,159	1,154	2,313	495	254	371	379	3,812	911	1,427	2,338	6,150	
Total salaries and related expenses	6,357	6,368	12,725	2,593	1,406	1,753	1,913	20,390	6,776	7,110	13,886	34,276	
Professional services and fees	1,112	1,123	2,235	1,433	698	987	1,085	6,438	2,161	7,266	9,427	15,865	
Telecommunications	72	90	162	27	12	24	25	250	59	88	147	397	
Advertising	-	-	-	1,694	-	783	5	2,482	-	1,826	1,826	4,308	
Postage and shipping	20	6	26	2	1	2	1	32	8	4,299	4,307	4,339	
Disaster purchases and transportation	-	3,112	3,112	-	-	-	-	3,112	-	-	-	3,112	
Food sourcing and transportation	-	70,701	70,701	-	-	-	-	70,701	-	-	-	70,701	
Occupancy	299	327	626	228	130	192	132	1,308	607	627	1,234	2,542	
Insurance	19	18	37	13	7	11	7	75	33	35	68	143	
Equipment and maintenance	170	35	205	10	5	8	7	235	23	28	51	286	
Printing and production	169	39	208	411	3	28	8	658	74	4,561	4,635	5,293	
Travel and business meetings	1,832	934	2,766	78	167	308	198	3,517	334	338	672	4,189	
Software expense	456	355	811	62	18	34	41	966	190	411	601	1,567	
Member grants	60,316	33,783	94,099	-	-	-	-	94,099	-	-	-	94,099	
Other	95	89	184	31	65	222	35	537	295	90	385	922	
Depreciation	41	447	488	113	10	24	17	652	307	381	688	1,340	
Total expenses before donated goods and services	70,958	117,427	188,385	6,695	2,522	4,376	3,474	205,452	10,867	27,060	37,927	243,379	
Donated goods and services	9	2,636,396	2,636,405	-	4	4	2	2,636,415	1,120	19	1,139	2,637,554	
Total	\$ 70,967	\$ 2,753,823	\$ 2,824,790	\$ 6,695	\$ 2,526	\$ 4,380	\$ 3,476	\$ 2,841,867	\$ 11,987	\$ 27,079	\$ 39,066	\$ 2,880,933	
Percent of total expenses	2.46%	95.59%	98.05%	0.23%	0.09%	0.15%	0.12%	98.64%	0.42%	0.94%	1.36%	100.00%	

See notes to financial statements.

Feeding America

Statements of Cash Flows Years Ended June 30, 2019 and 2018 (In Thousands)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 7,667	\$ 1,645
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,870	1,340
Provision on uncollectible contributions, accounts and notes receivable	35	(210)
Loss on sublease obligation	-	411
Deferred lease obligation	(492)	1,111
Restricted contributions and net assets released from restriction	-	3,282
Net realized and unrealized gains on investments	(918)	(599)
Contributions designated for long-term investment	(1,852)	(1,412)
Changes in operating assets and liabilities:		
Contributions receivable	(1,057)	26,818
Accounts receivable and other assets	1,683	(3,386)
Accounts payable and accrued expenses	516	(884)
Deferred revenue	373	1,127
Other obligations	85	139
Net cash provided by operating activities	7,910	29,382
Cash flows from investing activities:		
Purchase of investments	(4,640)	(5,078)
Sale or maturity of investments	136	274
Acquisition of furniture, software and equipment	(269)	(3,026)
Repayment of notes receivable from members	146	-
Net cash used in investing activities	(4,627)	(7,830)
Cash flows from financing activities:		
Contributions designated for long-term investment	1,852	1,412
Restricted contributions and net assets released from restriction	-	(3,282)
Net cash provided by (used in) financing activities	1,852	(1,870)
Net increase in cash	5,135	19,682
Cash		
Beginning of year	65,365	45,683
Ending of year	\$ 70,500	\$ 65,365

See notes to financial statements.

Feeding America

Notes to Financial Statements (In Thousands)

Note 1. Organization and Purpose

Feeding America is the nation's leading domestic hunger-relief charity. The mission of Feeding America is to feed America's hungry through a nationwide network of member food banks and engage the country in the fight to end hunger. The network is composed of Feeding America and approximately 200 food banks, which serves all 50 states, the District of Columbia, and Puerto Rico. Each member food bank is an independent nonprofit organization that enters into a member contract with Feeding America. Feeding America's offices are located in Chicago, Illinois and in Washington, D.C.

Feeding America is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Note 2. Summary of Significant Accounting Policies

Basis of accounting and use of estimates: The financial statements of Feeding America have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation: Operating results in the statements of activities reflect all transactions increasing or decreasing net assets without donor restrictions except those items listed under the nonoperating subtotal including donations received from wills and bequests, results from our board designated investment portfolio and other miscellaneous items. Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions and the restrictions are not met in the current fiscal year. Expenses are reported as decreases in net assets without donor restrictions.

Classification of net assets:

Net assets without donor restrictions: are available for support of Feeding America's operations and are not subject to donor-imposed restrictions. Feeding America has a Board designated endowment fund which is classified as without donor restrictions. Feeding America is also required per a contract with a member organizations to maintain two reserves. These reserves are also classified as without donor restrictions.

Net assets with donor restrictions: are subject to donor-imposed restrictions that may or will be met either by actions of Feeding America or the passage of time. This classification also includes amounts for which the principal must remain intact per donor request with the investment income on the principal used for specified purpose or general operations.

Cash: Cash is composed of available cash balances. Feeding America maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Feeding America has not experienced any losses in such accounts and management believes that Feeding America is not exposed to any significant credit risk on cash.

Feeding America

Notes to Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Investments and related income, gains, and losses: Investments in equity and debt securities are reported at fair value. All investment related income, expense, gains, and losses are included in the statement of activities. Fair values are primarily determined based on quoted market prices or other market inputs. Interest and dividends on short-term investments are included in operating revenue. Interest and dividends on long-term investments are included in nonoperating activities. All other investment income, including realized and unrealized gains and losses on short-term and long-term investments, are also reported as nonoperating activities.

Investment returns on donor-restricted endowment funds are recorded as additions (or reductions) to net assets with donor restrictions. Management fees on investments and other investment expenses are recorded as a reduction to investment return.

Feeding America invests in various investment securities including U.S. government and agency securities and mutual funds, domestic equity mutual funds, corporate bonds, fixed-income mutual funds, money market funds, international equity mutual funds, hedge fund of funds, and limited partnerships. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of Feeding America's investments could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Feeding America records its investments under Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as 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. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Feeding America applies the measurement provisions of ASC Topic 820 to certain investments in mutual funds and alternative investments that do not have readily determinable fair values. This guidance allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value (NAV) per share or its equivalent. Interests in mutual funds and alternative investment funds are generally reported at the NAV reported by the fund managers, which is used as a practical expedient to estimate the fair value interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2019 and 2018, Feeding America had no plans or intentions to sell investments at amounts different from NAV.

Contributions receivable: Feeding America receives unconditional promises to give from donors, and these are recorded as contribution revenue. If outstanding contributions are to be paid to Feeding America over a period of years, they are recorded at the present value of their expected cash flows using a risk-adjusted discount rate (such as the prime rate) as of the fiscal year-end in the year of contribution. Rates of 5.50 percent and 5.00 percent were used for 2019 and 2018, respectively. Discount amortization is recognized in contribution revenue. Contributions receivable are also reflected net of an allowance for uncollectible amounts based on management's judgment, past payment experience, and other relevant factors. Promises to give are written off when deemed uncollectible.

Feeding America

Notes to Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts receivable and credit policies: Accounts receivable consist primarily of noninterest-bearing amounts due for the cost of packing, transportation, and processing donated food or procurement costs associated with Feeding America's grocery and produce programs. Amounts also includes annual fees charged to member organizations as well as additional fees for IT business solutions. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2019 and 2018, the allowance was \$100 and \$150, respectively.

Furniture, software, and equipment: Furniture, software, and equipment are stated on the basis of cost at date of purchase or, if donated, at fair value at the date of donation. Depreciation is computed using the half-year convention straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Deferred revenue: Deferred revenue primarily includes cash received by Feeding America whereby a dually executed gift agreement with the donor has not yet been received, as well as conference fees received for events that are scheduled to take place in a subsequent period.

Gift annuities: Feeding America enters into agreements with donors in which the donor contributes assets in exchange for an annuity to be paid to the donor or their designee for a specified period of time. Annually, the annuity liability is readjusted based upon actuarial projections of future payments over the remaining life expectancy of the donor or their designee. Upon termination, any residual amount is recognized as nonoperating revenue. Gift annuities, included in other current and long-term obligations, were \$887 and \$801 at June 30, 2019 and 2018, respectively.

Donated goods and services: Feeding America reports the fair value of gifts of donated food and grocery products over which it has control (i.e., variance power) as public support (without donor restrictions) and, shortly thereafter, as expense when granted to member food banks. During the years ended June 30, 2019 and 2018, Feeding America distributed approximately 1,632 million pounds and 1,569 million pounds, respectively, of donated product received from approximately 230 national donors and their subsidiaries. The approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.62 and \$1.68, respectively, during 2019 and 2018, was based upon a study performed by Feeding America. Many of the national donors donate food and grocery products directly to local members. Beginning in 2011, Feeding America entered into written contracts with national donors to distribute grocery products directly to its local members. The pounds distributed to member food banks under these agreements amounted to 1,381 million pounds and 1,294 million pounds as of June 30, 2019 and 2018, respectively. The dollar amount of these pounds distributed to member food banks under these agreements is \$2,237,837 and \$2,174,378, respectively, and is included within donated goods and services in the financial statements. The pounds that have been directly donated to Feeding America and then distributed to the member food banks amounted to 250 million pounds and 275 million pounds as of June 30, 2019 and 2018, respectively. The dollar amount of these pounds is \$405,361 and \$462,002, respectively, and is included within donated goods and services in the financial statements. Any remaining donations made directly to local member food banks from national donors with whom Feeding America does not have a written agreement are not included in the financial statements because Feeding America does not have written agreements with such donors granting Feeding America explicit authority over the distribution of such donated goods and services.

Feeding America

Notes to Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

In addition, a number of individuals and organizations have made in-kind donations or volunteered their services to Feeding America. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements. In-kind donations and services for which fair value can be validated and requiring specific expertise have been reflected in the financial statements at their estimated fair value. In-kind media support is not reflected in the financial statements. For the fiscal years ended June 30, 2019 and 2018, Feeding America received \$2,643,647 and \$2,637,558 in donated goods and services, respectively.

Contributions: Contributions are considered to be available for use, without donor restrictions, unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Amounts required to be maintained in perpetuity by the donor are also reported as net assets with donor restrictions.

Corporate promotions differ from corporate contributions in that there is a promotional factor involved with the donor. Both Feeding America and the donor receive more advertising and publicity through this type of effort than through a normal corporate contribution. The amount of the funds received is typically based on the success of the promotional activity.

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. A donor restriction expires when a time restriction ends or when the purpose for which it was intended is attained. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon expiration of donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions received with related restrictions that are met in the same year are recognized in net assets without donor restrictions.

Feeding America accounts for endowment funds under ASC Subtopic 958-205, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*. ASC Subtopic 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA). ASC Subtopic 958-205 enhances disclosures related to both donor-restricted and board-designated endowment funds, whether or not the organization is subject to UPMIFA.

Donated media (unaudited): Donated media is not recognized as in-kind contribution revenue in the financial statements due to uncertainties about estimated value as management of Feeding America is unable to validate the methodologies used. Feeding America's Public Service Announcement campaign in partnership with the Ad Council and various other donated media suppliers, received donated media support, mainly through radio, television, and outdoor channels, in estimated amounts totaling \$30,879 and \$43,098 for fiscal years 2019 and 2018, respectively, as estimated by the respective suppliers.

Advertising costs are expensed as incurred.

Member fees: These include annual fees assessed to member organizations as well as additional fees for IT business solutions.

Food procurement revenue: These represent fees paid by member food banks to Feeding America to cover the cost of packaging, transportation, and processing donated food or procurement costs associated with Feeding America's grocery and produce programs.

Feeding America

Notes to Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Conference fees: These represent registration fees and sponsorships for the various conferences that are sponsored by Feeding America for the benefit of member organizations. Conference fees received but not earned as of fiscal year end are recorded as deferred revenue.

Other revenue: Other revenue includes funds received from the sale of Feeding America mailing lists to other nonprofit organizations, settlement funds from legal cases to which courts appointed Feeding America as uninvolved beneficiary, revenue from sublease agreements, and fees for National Office sponsored training programs.

Agency funds: Feeding America occasionally receives agency funds on behalf of member organizations. Agency funds received and distributed to member organizations are not reported as revenue, support, or expenses within the statement of activities as Feeding America lacks variance power to direct the use of the funds. During 2019 and 2018, Feeding America received approximately \$2 and \$260, respectively, in agency funds.

Member grants: Feeding America makes awards and grants for child hunger programs, technology grants, food sourcing, nutrition, mobile pantry and other vehicles, and general operating support, to be disbursed in the subsequent year. The liability and related expense for awards and grants are recognized at the time of notification and acceptance by the recipients (majority member food banks). Recipients are required to meet certain qualifications and to provide accountability to Feeding America for funds disbursed.

Income taxes: Feeding America accounts for uncertain tax positions in accordance with ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740 addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

Under ASC Topic 740, Feeding America must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. Feeding America does not have a liability for unrecognized tax benefits, for the reporting periods presented in the financial statements.

Functional allocation of expenses: The costs of providing the various programs and supporting services are presented on a functional basis in the statements of functional expenses. Expenses are recorded at the time they are incurred in the program directly benefiting for the costs. Certain other costs incurred for the benefit of the entire organization such as employee benefits, space occupancy, insurance, and technology are centrally pooled and allocated monthly to the programs and supporting services benefited. Expenses that are common to program services, management and general administration and fund development are allocated based on management's determination.

Expense	Method of Allocation
Salaries, benefits and taxes	Estimated Time and Effort
Occupancy	Square footage
Insurance	Square footage
Depreciation	Square footage

Feeding America

Notes to Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Adopted accounting pronouncement: Feeding America adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in fiscal year 2019. Key elements of the ASU include a reduction in the number of net asset categories from three to two, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. Feeding America has elected to omit the disclosures about liquidity and availability of resources for June 30, 2018.

New accounting pronouncements: In 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The new standard is effective for Feeding America's 2020 financial statements.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers, particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard is effective for Feeding America's 2020 financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for Feeding America's 2021 financial statements. Early adoption is permitted.

Reclassifications: Due to the implementation of ASU 2016-14, net assets with restrictions of \$90,995 and \$93,794 were previously reported as temporarily and permanently restricted net assets of \$89,108 and \$1,887 at June 30, 2018 and \$91,931 and \$1,863 at July 1, 2017, respectively.

Feeding America

Notes to Financial Statements (In Thousands)

Note 3. Contributions Receivable

Short and long-term contributions receivable at June 30, 2019 and 2018, were as follows:

	2019	2018
Gross contributions receivable:		
Within one year	\$ 22,506	\$ 20,510
Between one and five years	7,620	8,725
	<u>30,126</u>	<u>29,235</u>
Net discount for present value of contributions receivable	(569)	(765)
Allowance for uncollectible contributions receivable	(446)	(431)
Contributions receivable, net	<u>\$ 29,111</u>	<u>\$ 28,039</u>

Note 4. Furniture, Software, and Equipment

Furniture, software, and equipment at June 30, 2019 and 2018, were as follows:

	2019	2018
Computer and office equipment	\$ 286	\$ 292
Furniture and fixtures	853	866
Leasehold improvements	4,292	4,366
Software	7,947	7,952
	<u>13,378</u>	<u>13,476</u>
Accumulated depreciation	(7,301)	(5,798)
	<u>\$ 6,077</u>	<u>\$ 7,678</u>

Note 5. Member Grants

Member grants for the fiscal years ended June 30, 2019 and 2018, were as follows:

	2019	2018
Member services	\$ 39,906	\$ 47,289
Food sourcing and procurement	26,257	33,783
Programs	16,590	12,580
Research and analysis	3,380	218
Other	198	229
	<u>\$ 86,331</u>	<u>\$ 94,099</u>

All member grants distributed by Feeding America are for the benefit of the members and as such, are classified on the statement of activities and statement of functional expenses as either member services or food procurement.

As of June 30, 2019 and 2018, Feeding America accrued expenses of \$5,176 and \$825, respectively, of grants that have been awarded to member organizations but not yet distributed. For fiscal years 2019 and 2018, these amounts are payable within one year and are included in accounts payable and accrued expenses.

Feeding America

Notes to Financial Statements (In Thousands)

Note 6. Investments

Overall investment objective: Feeding America maintains a short-term and long-term investment portfolio. The purpose of the short-term investment portfolio is to provide sufficient liquidity to meet the financial obligations of Feeding America in a timely manner without requiring liquidation of assets from the long-term investment pool. The investment objective of the long-term investment portfolio is to preserve capital and secondly to enhance the purchasing power of the long-term investments in the fund.

Allocation of investment strategies: Short-term funds are invested in low or risk-free investments with a high degree of liquidity. Investments should have a maturity for a period not to exceed 180 days. The investment managers are allowed to use derivative securities to reduce portfolio risk. Refer to Note 10 for long-term portfolio investment objectives and strategies.

The cost and fair value of short and long-term investments at June 30, 2019 and 2018, were as follows:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 3,237	\$ 3,245	\$ 957	\$ 959
Government and agency securities and mutual funds	17,287	17,432	15,354	14,841
Corporate bonds and fixed-income mutual funds	6,626	6,712	5,920	5,840
Domestic equity mutual funds	7,906	8,544	5,954	6,699
International equity mutual funds	5,574	5,841	7,531	7,991
Hedge fund of funds	1,496	1,675	1,497	1,696
Limited partnership	35	35	35	36
	<u>\$ 42,161</u>	<u>\$ 43,484</u>	<u>\$ 37,248</u>	<u>\$ 38,062</u>

Feeding America has invested in alternative investments - hedge fund of funds. The funds are primarily invested in global equity markets and private investment funds. There are no additional funding commitments as of June 30, 2019. Feeding America has the ability to withdraw from the alternative investment all or any portion of its capital as of the last business day of each calendar quarter, with at least 60 calendar days' written notice.

Investment returns for the years ended June 30, 2019 and 2018, are as follows:

	2019	2018
Return on investments:		
Interest and dividends	<u>\$ 1,895</u>	<u>\$ 1,118</u>
Gains on investments:		
Net realized gains	430	289
Net change in unrealized gains	488	310
Net gain on investments	<u>918</u>	<u>599</u>
Total return on investments	<u>\$ 2,813</u>	<u>\$ 1,717</u>

Feeding America

Notes to Financial Statements (In Thousands)

Note 6. Investments (Continued)

Investment returns reflected in the statements of activities for the years ended June 30, 2019 and 2018, are as follows:

	2019	2018
Other operating revenue:		
Interest and dividend income	\$ 835	\$ 344
Nonoperating gains and losses - investment return	1,820	1,252
Other changes in restricted investments:		
Restricted investment income	158	121
Total investment return	<u>\$ 2,813</u>	<u>\$ 1,717</u>

Short-term investments at June 30, 2019 and 2018 include \$771 and \$127, respectively, in a Disaster Relief Fund. Investment fees, included as a reduction of interest and dividends above, were \$135 and \$121 for the fiscal years ended June 30, 2019 and 2018, respectively.

Note 7. Fair Value Measurements

Fair value of financial instruments: The following methods and assumptions were used by Feeding America in estimating the fair value of its financial instruments:

Short-term and long-term investments: Domestic equity mutual funds, international equity mutual funds, government and agency securities and mutual funds, corporate bonds and fixed-income mutual funds, limited partnership, and money market funds are measured using quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

Feeding America applies the concepts of ASC Subtopic 820-10 to its mutual funds and alternative investments using NAV as a practical expedient in estimating fair value; however, it is possible that the redemption rights of certain alternative investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the NAV of the funds and consequently the fair value of Feeding America's interest in the fund.

Fair value hierarchy: Feeding America follows the guidance of ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Feeding America has the ability to access at the measurement date. Level 1 assets include government and agency securities and mutual funds, domestic and international equity securities and corporate bonds and fixed-income mutual funds that consist primarily of U.S. Treasury obligations.

Feeding America

Notes to Financial Statements (In Thousands)

Note 7. Fair Value Measurements (Continued)

Level 2: Inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include government and agency securities and mutual funds, domestic and international equity securities, corporate bonds and fixed-income mutual funds and money market funds, as well as a limited partnership fund.

Level 3: Inputs are unobservable inputs for the asset or liability.

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

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ -	\$ 3,245	\$ -	\$ 3,245
Government and agency securities and mutual funds	9,940	7,492	-	17,432
Corporate bonds and fixed-income mutual funds	6,712	-	-	6,712
Domestic equity mutual funds	4,662	3,882	-	8,544
International equity mutual funds	1,628	4,213	-	5,841
Limited partnership	-	35	-	35
	<u>\$ 22,942</u>	<u>\$ 18,867</u>	<u>\$ -</u>	<u>41,809</u>
Hedge fund of funds ¹				1,675
Total investments				<u>\$ 43,484</u>
	2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ -	\$ 959	\$ -	\$ 959
Government and agency securities and mutual funds	8,748	6,093	-	14,841
Corporate bonds and fixed-income mutual funds	5,157	683	-	5,840
Domestic equity mutual funds	3,275	3,424	-	6,699
International equity mutual funds	2,566	5,425	-	7,991
Limited partnership	-	36	-	36
	<u>\$ 19,746</u>	<u>\$ 16,620</u>	<u>\$ -</u>	<u>36,366</u>
Hedge fund of funds ¹				1,696
Total investments				<u>\$ 38,062</u>

Feeding America

Notes to Financial Statements (In Thousands)

Note 7. Fair Value Measurements (Continued)

1. Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. Feeding America evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There were no transfers between levels for the fiscal years ended June 30, 2019 and 2018.

Note 8. Commitments and Contingencies

Operating leases: Feeding America has an operating lease for certain office space in Chicago, Illinois which commenced in January 2001. The lease expires in November 2020 and Feeding America has amended the operating lease periodically to include additional office space. In February 2013, Feeding America entered into a sublease agreement with a third party, whereby the third party leased a portion of Feeding America's office space through January 2018. The sublease agreement was not renewed, the subtenant vacated, and Feeding America returned the space to the landlord in February 2018 after executing its termination clause, resulting in a payment of \$127 in 2018, which was included within occupancy expenses in the statement of functional expenses for 2018.

Feeding America also has an operating lease for certain space in Washington, D.C. that commenced on June 1, 2012 and expires in May 2023. In January 2018, Feeding America entered into a sublease agreement with a third party, whereby the third party is leasing Feeding America's office space through May 2023. Sublease monthly payments started in July 2018 after a five-month rent abatement period. As a result of the sublease agreement, Feeding America recognized a loss and a liability of \$411, which is included as part of occupancy expenses in the 2018 statement of functional expenses.

In July 2017, Feeding America entered into a lease agreement for new office space at 1627 I Street, N.W. in Washington, D.C. for an initial term of 10 years and 6 months expiring in May 2028. After substantial renovation of the premises, Feeding America began occupying the space in December 2017.

Existing leases contain annual escalation clauses and periods of rent abatements, and accordingly, rent expense is recorded on the straight-line basis over the life of the respective leases. Amounts reported in the statements of financial position as leases payable represent rental expense recognized in excess of lease payments made as of June 30, 2019 and 2018. Lease expense under the terms of all operating leases amounted to approximately \$1,922 in 2019 and \$2,436 in 2018 and is reported within occupancy expenses on the statement of functional expenses.

Feeding America

Notes to Financial Statements (In Thousands)

Note 8. Commitments and Contingencies (Continued)

Future minimum lease payments as of June 30, 2019, are as follows:

Fiscal year ending June 30:

2020	\$	2,539
2021		1,792
2022		1,262
2023		1,264
2024		955
Thereafter		3,973
Total future minimum lease payments	\$	<u>11,785</u>

Total future minimum sublease payments to be received as of June 30, 2019, are as follows:

2020	\$	246
2021		256
2022		267
2023		254
2024		-
Thereafter		-
Total future minimum lease payments	\$	<u>1,023</u>

Line of credit: Feeding America has a \$10,000 secured line of credit from its primary bank that bears interest at the Wall Street Journal LIBOR Daily Floating Rate, plus 1.00 percentage point. The one month LIBOR rate as of June 30, 2019 was 2.4 percent. The line of credit is secured by a general lien on the assets of Feeding America. There were no borrowings outstanding under the line of credit at June 30, 2019 and 2018. The line of credit expires on November 30, 2019; however, management intends to renew the line of credit with its primary bank under similar terms.

Litigation: From time to time, Feeding America is named in various lawsuits arising in the ordinary course of business. Management is not aware of any asserted lawsuits against Feeding America as of June 30, 2019. Despite the inherent uncertainties of litigation, Feeding America is not aware of any litigatory matters that may have a material adverse impact on the financial condition of Feeding America at this time.

Feeding America

Notes to Financial Statements (In Thousands)

Note 9. Net Assets

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

	2019	2018
Net assets restricted for time or purpose		
Member services	\$ 34,406	\$ 26,216
Food sourcing and procurement	21,511	26,914
Programs	17,557	15,920
Management and general	15,375	16,181
Research and analysis	2,407	2,540
Public awareness and education	852	1,054
Policy and advocacy	481	255
Fund development	2	28
	92,591	89,108
Net assets related to endowment funds in perpetuity		
General endowment	1,907	1,887
Total net assets with donor restrictions	\$ 94,498	\$ 90,995

Note 10. Endowments

Feeding America follows the guidance of ASC Topic 958, *Not-For-Profit Entities*, related to net asset classification and required disclosures of donor restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA.

Feeding America's endowment consists of 13 individual funds established for a variety of purposes including donor-restricted endowment funds and funds designated by Feeding America's board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets consist of the following at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,595	\$ 2,595
Board-designated reserve funds	35,336	-	35,336
Compliance reserve	99	-	99
Disaster relief funds	771	-	771
Total endowment funds	\$ 36,206	\$ 2,595	\$ 38,801

Feeding America

Notes to Financial Statements (In Thousands)

Note 10. Endowments (Continued)

Endowment net assets consist of the following at June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,499	\$ 2,499
Board-designated reserve funds	30,272	-	30,272
Compliance reserve	7	-	7
Disaster relief funds	127	-	127
Total endowment funds	<u>\$ 30,406</u>	<u>\$ 2,499</u>	<u>\$ 32,905</u>

Changes in endowment net assets for the year ended June 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	\$ 30,406	\$ 2,499	\$ 32,905
Additions	4,316	20	4,336
Investment returns	1,693	148	1,841
Appropriated expenditures of endowment assets	(209)	(72)	(281)
Endowment net assets, June 30, 2019	<u>\$ 36,206</u>	<u>\$ 2,595</u>	<u>\$ 38,801</u>

Changes in endowment net assets for the year ended June 30, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2017	\$ 25,308	\$ 2,433	\$ 27,741
Additions	4,288	20	4,308
Investment returns	1,146	117	1,263
Appropriated expenditures of endowment assets	(336)	(71)	(407)
Endowment net assets, June 30, 2018	<u>\$ 30,406</u>	<u>\$ 2,499</u>	<u>\$ 32,905</u>

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Feeding America to retain as a fund of perpetual duration. Subsequent gains restore the fair value of the assets of the endowment fund to the required level. There were no deficiencies as of June 30, 2019 and 2018.

Return objectives and risk parameters: Feeding America has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by Feeding America's Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks while assuming a moderate level of investment risk.

Feeding America

Notes to Financial Statements (In Thousands)

Note 10. Endowments (Continued)

Strategies employed for achieving objectives: To satisfy its long-term rate of return objectives, Feeding America relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Feeding America targets a diversified asset allocation that places emphasis on investments in equities, bonds, and other securities in a 38-42-20 percent ratio to achieve its long-term return objectives within prudent risk constraints. Major investment decisions are authorized by the Board's Stewardship Committee, which oversees the investment program in accordance with established guidelines.

Spending policy and how the investment objectives relate to spending policy: Feeding America has a policy of appropriating for distribution each year 3 percent of its endowment funds' average fair value over the prior three years through June 30 preceding the fiscal year in which the distribution is planned. In establishing these policies, Feeding America considered the expected return on its endowment. Accordingly, Feeding America expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

Note 11. Related-Party Transactions

For the years ended June 30, 2019 and 2018, Feeding America recorded approximately \$35,362 and \$24,158, respectively, in cash and pledges and \$1,279,626 and \$1,355,414 in goods and services from companies that have representatives who are members of Feeding America's Board of Directors. At June 30, 2019 and 2018, Feeding America had \$2,247 and \$3,783 of pledges receivable, respectively, from companies that have representatives who are members of Feeding America's Board of Directors. Feeding America also distributes grants each year to member foodbanks, some of which have executives who are members of Feeding America's Board of Directors.

Notes receivable due from member food banks consisted of the following:

	2019	2018
Revolving line of credit to a food bank member for the acquisition of trucks and warehouse equipment. The line of credit bears interest at the LIBOR three-month maturity rate, plus 2.00%. Interest began accruing in May 2017. The line of credit matures on December 31, 2022 and quarterly principal payments began on March 31, 2019. The food bank member may repay the principal amount of the loan without a pre-payment premium. Any principal amount that is repaid or pre-paid may not be re-borrowed.	\$ 604	\$ 750
Revolving line of credit to a food bank member for operating purposes. The line of credit bears interest at the LIBOR three-month maturity rate, plus 2.00%. Interest begins accruing at January 31, 2023. The line of credit matures on January 31, 2023, with principal payments of \$20,000 due each January 1 and July 1 (beginning July 2019).	160	160
Gross notes receivable	764	910
Allowance for uncollectible notes receivable	(415)	(415)
Notes receivable, net	\$ 349	\$ 495

Feeding America

Notes to Financial Statements (In Thousands)

Note 12. Retirement Plan

Feeding America provides a 401(k) defined contribution plan (the Plan) for substantially all employees. In addition to employee contributions, Feeding America contributes 3.00% of each participant's compensation to the Plan. Feeding America makes an additional matching contribution of 3.00% if the employee contributes a minimum of 1.00% of their salary to the Plan. These employer contributions are made beginning with the employee's participation in the Plan (the employee's date of hire). Total retirement expense and contributions made by Feeding America for the years ended June 30, 2019 and 2018 were approximately \$1,612 and \$1,606, respectively.

Note 13. Direct Donations

During the years ended June 30, 2019 and 2018, the Feeding America Network distributed approximately 2,080 million pounds and 2,046 million pounds, respectively, of food and grocery products. This total includes donations that were distributed directly to member organizations from national donors as well as donations over which Feeding America exercises control. Food and grocery products distributed directly to member organizations, totaling approximately 448 million and 477 million pounds for the years ended June 30, 2019 and 2018, respectively, have not been recognized in the accompanying financial statements as Feeding America did not exercise control over the distribution of these donations.

Note 14. Liquidity and Availability

The following reflects Feeding America's financial assets as of June 30, 2019, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Feeding America regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Amounts not available include amounts set aside for long-term investing in the board designated endowment reserve.

Financial assets at year-end:

Total current assets	\$ 104,216
Long-term investments	39,848
Long-term contributions receivable, net	6,605
Total financial assets	\$ 150,669

Less those unavailable for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:	
Other assets	(769)
Restrictions by donor with time or purpose restrictions (gross)	(92,591)
Donor-restricted endowments	(1,907)
Investments held in annuity trust	(1,617)
Member fund for compliance and disaster reserves	(870)
Board designations:	
Board designated reserve for long-term investing	(35,336)
Financial assets not available to be used within one year	\$ (133,090)
Financial assets available to meet general expenditures within one year	\$ 17,579

Feeding America

Notes to Financial Statements (In Thousands)

Note 14. Liquidity and Availability (Continued)

Feeding America's goal is to maintain available financial assets sufficient to meet six months of operating expenses in cash and cash equivalents and long-term investments. General operating expenses average approximately \$6,436 per month (exclusive of donated goods or services, member grants and depreciation). As of June 30, 2019, Feeding America has an additional \$35,336 in a board designated reserve fund that functions as an endowment. This is a fund established by the governing board that may be drawn upon for operating purposes, with Board approval, in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. Lastly, to meet obligations and cash liquidity needs, Feeding America maintains a revolving line of credit of \$10,000. The purpose of the line is to cover working capital expenses while waiting to collect on contributions and procurement receivables from our donors and member foodbanks, respectively.

Financial assets available to meet general expenditures within one year (per above)	\$ 17,579
Additional resources to meet reserve requirements and liquidity needs:	
Board designated reserve for long-term investing	\$ 35,336
Amount available for six month reserve requirements	\$ 52,915
Line of credit	10,000
Financial assets available to meet reserve and liquidity needs	\$ 62,915

Note 15. Subsequent Events

In connection with the preparation of the financial statements, *Subsequent Events*, Feeding America evaluated events and transactions through November 15, 2019, the date the financial statements were available to be issued noting no subsequent events requiring recording or disclosure in the financial statements or related notes to the financial statements.