

# Feeding America

Financial Report  
June 30, 2021

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RSM US LLP

## Independent Auditor's Report

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, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2021 and 2020, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Chicago, Illinois  
November 10, 2021

## Feeding America

### Statements of Financial Position June 30, 2021 and 2020 (In Thousands)

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 442,132	\$ 316,274
Short-term investments	3,751	3,729
Contributions receivable	35,412	35,096
Accounts receivable, net	12,448	18,571
Other assets	3,377	2,430
<b>Total current assets</b>	<b>497,120</b>	<b>376,100</b>
Long-term investments	69,102	41,038
Contributions receivable, net	19,709	8,198
Other assets	108	172
Property and equipment, net	17,728	7,086
<b>Total assets</b>	<b>\$ 603,767</b>	<b>\$ 432,594</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,678	\$ 23,167
Contributions received in advance	11,737	6,226
Other obligations	163	204
Current portion of leases payable	758	370
<b>Total current liabilities</b>	<b>28,336</b>	<b>29,967</b>
Leases payable, less current portion	8,984	1,689
Other obligations	1,370	983
<b>Total liabilities</b>	<b>38,690</b>	<b>32,639</b>
Net assets:		
Without donor restrictions:		
Undesignated	187,126	99,847
Board designated:		
Operating reserves	63,619	36,417
Food Security Strategic Priorities Fund	100,000	-
Food Security Equity Impact Fund	20,000	-
	<b>183,619</b>	<b>36,417</b>
	<b>370,745</b>	<b>136,264</b>
With donor restrictions	194,332	263,691
<b>Total net assets</b>	<b>565,077</b>	<b>399,955</b>
<b>Total liabilities and net assets</b>	<b>\$ 603,767</b>	<b>\$ 432,594</b>

See notes to financial statements.

# Feeding America

## Statements of Activities Years Ended June 30, 2021 and 2020 (In Thousands)

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Public support and revenue:						
Public support:						
Individual contributions	\$ 293,503	\$ 33,912	\$ 327,415	\$ 242,290	\$ 60,107	\$ 302,397
Corporate contributions	112,662	43,939	156,601	81,157	96,309	177,466
Foundations	18,025	8,653	26,678	2,871	31,373	34,244
Corporate promotions	76,928	38,800	115,728	27,457	41,095	68,552
<b>Total fundraising</b>	<b>501,118</b>	<b>125,304</b>	<b>626,422</b>	<b>353,775</b>	<b>228,884</b>	<b>582,659</b>
Donated goods and services	3,520,792	-	3,520,792	2,964,998	-	2,964,998
<b>Total public support</b>	<b>4,021,910</b>	<b>125,304</b>	<b>4,147,214</b>	<b>3,318,773</b>	<b>228,884</b>	<b>3,547,657</b>
Revenue:						
Food procurement revenue	176,561	-	176,561	89,149	-	89,149
Member fees	178	-	178	4,042	-	4,042
Conference fees	380	-	380	794	-	794
Other revenue	2,727	-	2,727	2,478	-	2,478
Investment income	591	-	591	706	-	706
Net assets released from restrictions	194,782	(194,782)	-	58,876	(58,876)	-
<b>Total public support and revenue</b>	<b>4,397,129</b>	<b>(69,478)</b>	<b>4,327,651</b>	<b>3,474,818</b>	<b>170,008</b>	<b>3,644,826</b>
Expenses:						
Program services:						
Member services	193,823	-	193,823	94,759	-	94,759
Food procurement	3,771,173	-	3,771,173	3,221,342	-	3,221,342
Public awareness and education	145,008	-	145,008	6,285	-	6,285
Policy and advocacy	7,004	-	7,004	4,669	-	4,669
Programs	6,018	-	6,018	4,421	-	4,421
Research and analysis	4,557	-	4,557	3,654	-	3,654
<b>Total program services</b>	<b>4,127,583</b>	<b>-</b>	<b>4,127,583</b>	<b>3,335,130</b>	<b>-</b>	<b>3,335,130</b>
Supporting services:						
Management and general	19,665	-	19,665	15,612	-	15,612
Fund development	44,575	-	44,575	34,306	-	34,306
<b>Total supporting services</b>	<b>64,240</b>	<b>-</b>	<b>64,240</b>	<b>49,918</b>	<b>-</b>	<b>49,918</b>
<b>Total expenses</b>	<b>4,191,823</b>	<b>-</b>	<b>4,191,823</b>	<b>3,385,048</b>	<b>-</b>	<b>3,385,048</b>
<b>Increase (decrease) in net assets before nonoperating activities</b>	<b>205,306</b>	<b>(69,478)</b>	<b>135,828</b>	<b>89,770</b>	<b>170,008</b>	<b>259,778</b>
Nonoperating activities:						
Wills and bequests	25,080	238	25,318	1,319	21	1,340
Individual contributions	20	60	80	-	20	20
Investment return	5,255	380	5,635	1,190	92	1,282
Other	(1,180)	(559)	(1,739)	171	(948)	(777)
	<b>29,175</b>	<b>119</b>	<b>29,294</b>	<b>2,680</b>	<b>(815)</b>	<b>1,865</b>
<b>Increase (decrease) in net assets</b>	<b>234,481</b>	<b>(69,359)</b>	<b>165,122</b>	<b>92,450</b>	<b>169,193</b>	<b>261,643</b>
Net assets—beginning of year	136,264	263,691	399,955	43,814	94,498	138,312
Net assets—end of year	\$ 370,745	\$ 194,332	\$ 565,077	\$ 136,264	\$ 263,691	\$ 399,955

See notes to financial statements.

# Feeding America

## Statement of Functional Expenses Year Ended June 30, 2021 (In Thousands)

	Program Services								Supporting Services				Total
	Member Services			Public Awareness and Education	Policy and Advocacy	Research and Programs	Research and Analysis	Total Program Services	Management and General	Fund Development	Total Supporting Services		
	Member Services	Food Procurement	Total Member Services										
Salaries	\$ 7,252	\$ 6,426	\$ 13,678	\$ 2,141	\$ 1,712	\$ 1,961	\$ 2,428	\$ 21,920	\$ 7,238	\$ 8,165	\$ 15,403	\$ 37,323	
Benefits and taxes	1,696	1,644	3,340	532	421	512	605	5,410	1,171	2,026	3,197	8,607	
<b>Total salaries and related expenses</b>	<b>8,948</b>	<b>8,070</b>	<b>17,018</b>	<b>2,673</b>	<b>2,133</b>	<b>2,473</b>	<b>3,033</b>	<b>27,330</b>	<b>8,409</b>	<b>10,191</b>	<b>18,600</b>	<b>45,930</b>	
Professional services and fees	3,378	2,200	5,578	1,472	4,442	1,742	1,002	14,236	3,855	12,505	16,360	30,596	
Telecommunications	48	47	95	12	10	12	16	145	39	53	92	237	
Advertising	-	-	-	3,567	-	1,345	-	4,912	-	6,033	6,033	10,945	
Postage and shipping	4	5	9	3	5	3	2	22	19	6,424	6,443	6,465	
Disaster purchases and transportation	-	1,940	1,940	-	-	-	-	1,940	-	-	-	1,940	
Food sourcing and transportation	1	176,811	176,812	-	-	-	-	176,812	7	-	7	176,819	
Occupancy	268	317	585	162	150	165	168	1,230	567	590	1,157	2,387	
Insurance	25	28	53	13	12	13	14	105	45	48	93	198	
Equipment and maintenance	4	7	11	3	2	2	2	20	8	9	17	37	
Printing and production	217	9	226	1,894	15	7	10	2,152	16	6,489	6,505	8,657	
Travel and business meetings	63	6	69	1	8	6	8	92	31	7	38	130	
Software expense	570	674	1,244	141	81	100	165	1,731	546	1,183	1,729	3,460	
Member grants	179,941	199,932	379,873	-	-	-	-	379,873	-	-	-	379,873	
Other	210	59	269	55	81	76	59	540	302	128	430	970	
Depreciation	146	566	712	73	65	74	78	1,002	470	915	1,385	2,387	
<b>Total expenses before donated goods and services</b>	<b>193,823</b>	<b>390,671</b>	<b>584,494</b>	<b>10,069</b>	<b>7,004</b>	<b>6,018</b>	<b>4,557</b>	<b>612,142</b>	<b>14,314</b>	<b>44,575</b>	<b>58,889</b>	<b>671,031</b>	
Donated goods and services	-	3,380,502	3,380,502	134,939	-	-	-	3,515,441	5,351	-	5,351	3,520,792	
<b>Total</b>	<b>\$ 193,823</b>	<b>\$ 3,771,173</b>	<b>\$ 3,964,996</b>	<b>\$ 145,008</b>	<b>\$ 7,004</b>	<b>\$ 6,018</b>	<b>\$ 4,557</b>	<b>\$ 4,127,583</b>	<b>\$ 19,665</b>	<b>\$ 44,575</b>	<b>\$ 64,240</b>	<b>\$ 4,191,823</b>	
Percent of total expenses	4.62%	89.97%	94.59%	3.46%	0.17%	0.14%	0.11%	98.47%	0.47%	1.06%	1.53%	100.00%	

See notes to financial statements.

# Feeding America

## Statement of Functional Expenses Year Ended June 30, 2020 (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	\$ 6,304	\$ 5,586	\$ 11,890	\$ 2,024	\$ 1,434	\$ 1,669	\$ 1,716	\$ 18,733	\$ 6,671	\$ 7,649	\$ 14,320	\$ 33,053	
Benefits and taxes	1,397	1,334	2,731	457	323	388	427	4,326	1,314	1,742	3,056	7,382	
<b>Total salaries and related expenses</b>	<b>7,701</b>	<b>6,920</b>	<b>14,621</b>	<b>2,481</b>	<b>1,757</b>	<b>2,057</b>	<b>2,143</b>	<b>23,059</b>	<b>7,985</b>	<b>9,391</b>	<b>17,376</b>	<b>40,435</b>	
Professional services and fees	1,468	1,424	2,892	1,436	2,594	1,081	1,088	9,091	2,281	9,609	11,890	20,981	
Telecommunications	60	55	115	14	8	13	17	167	40	59	99	266	
Advertising	-	-	-	735	-	834	-	1,569	5	3,117	3,122	4,691	
Postage and shipping	10	3	13	2	11	1	1	28	38	4,423	4,461	4,489	
Disaster purchases and transportation	-	3,212	3,212	-	-	-	-	3,212	25	-	25	3,237	
Food sourcing and transportation	-	89,033	89,033	-	-	-	-	89,033	-	-	-	89,033	
Occupancy	301	352	653	188	128	189	142	1,300	624	612	1,236	2,536	
Insurance	38	14	52	7	5	7	6	77	24	24	48	125	
Equipment and maintenance	101	14	115	6	4	15	5	145	17	20	37	182	
Printing and production	100	3	103	1,255	4	3	20	1,385	21	4,855	4,876	6,261	
Travel and business meetings	1,141	330	1,471	22	95	235	103	1,926	385	266	651	2,577	
Software expense	428	303	731	80	22	34	90	957	384	1,060	1,444	2,401	
Member grants	83,268	157,139	240,407	-	-	-	-	240,407	-	-	-	240,407	
Other	83	97	180	30	21	(84)	16	163	354	118	472	635	
Depreciation	44	599	643	28	19	27	21	738	327	731	1,058	1,796	
<b>Total expenses before donated goods and services</b>	<b>94,743</b>	<b>259,498</b>	<b>354,241</b>	<b>6,284</b>	<b>4,668</b>	<b>4,412</b>	<b>3,652</b>	<b>373,257</b>	<b>12,510</b>	<b>34,285</b>	<b>46,795</b>	<b>420,052</b>	
Donated goods and services	16	2,961,844	2,961,860	1	1	9	2	2,961,873	3,102	21	3,123	2,964,996	
<b>Total</b>	<b>\$ 94,759</b>	<b>\$ 3,221,342</b>	<b>\$ 3,316,101</b>	<b>\$ 6,285</b>	<b>\$ 4,669</b>	<b>\$ 4,421</b>	<b>\$ 3,654</b>	<b>\$ 3,335,130</b>	<b>\$ 15,612</b>	<b>\$ 34,306</b>	<b>\$ 49,918</b>	<b>\$ 3,385,048</b>	
Percent of total expenses	2.80%	95.16%	97.96%	0.19%	0.14%	0.13%	0.11%	98.53%	0.46%	1.01%	1.47%	100.00%	

See notes to financial statements.



## Feeding America

### Statements of Cash Flows Years Ended June 30, 2021 and 2020 (In Thousands)

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 165,122	\$ 261,643
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,387	1,796
Provision on uncollectible contributions receivable	291	946
Deferred lease obligation	643	(508)
Net realized and unrealized gains on investments	(4,682)	(204)
Contributions received for long-term investment	(25,080)	(1,319)
Tenant allowances received from landlord	7,040	-
Changes in operating assets and liabilities:		
Contributions receivable	(12,118)	(14,859)
Accounts receivable and other assets	4,983	(13,887)
Accounts payable and accrued expenses	(7,489)	10,978
Contributions received in advance	5,511	3,374
Other obligations	346	132
<b>Net cash provided by operating activities</b>	<b>136,954</b>	<b>248,092</b>
Cash flows from investing activities:		
Purchase of investments	(23,550)	(1,226)
Sale or maturity of investments	146	147
Acquisition of property, software and equipment	(13,029)	(2,805)
Repayment of notes receivable from members	257	247
<b>Net cash used in investing activities</b>	<b>(36,176)</b>	<b>(3,637)</b>
Cash flows from financing activities:		
Contributions received for long-term investment	25,080	1,319
<b>Net cash provided by financing activities</b>	<b>25,080</b>	<b>1,319</b>
<b>Net increase in cash</b>	<b>125,858</b>	<b>245,774</b>
Cash:		
Beginning of year	316,274	70,500
End of year	<u>\$ 442,132</u>	<u>\$ 316,274</u>

See notes to financial statements.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 1. Organization and Purpose

Feeding America is the nation's leading domestic hunger-relief charity. The mission of Feeding America is to advance change in America by ensuring equitable access to nutritious food for all in partnership with food banks, policymakers, supporters and the communities we serve. The network to fulfil our mission is composed of Feeding America and approximately 200 member food banks and affiliated regional organizations and 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 headquarters are located in Chicago, Illinois with an additional office 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. Feeding America is incorporated in the state of Arizona, where it was founded in 1979.

In January 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and in March 2020, declared COVID-19 a pandemic. For the past two fiscal years, the impact of COVID-19 has affected Feeding America's operations, donors, suppliers, vendors and other key stakeholders. Feeding America's financial statements reflect significant increases to certain balances and results from historical levels (cash, contributions receivable, contribution revenue, member grants, food sourcing and transportation, net assets, etc.) as a result of the public response to COVID-19 in the last few months of fiscal year 2020 as well as hunger awareness throughout fiscal year 2021.

In March 2020, in response to the pandemic, Feeding America established the COVID-19 Response Fund. This represents an internally segregated fund meant to immediately help food banks across the country provide equitable food access and reach communities, families and people disproportionately affected by the pandemic and its economic fallout. Thanks to the generosity of donors, during fiscal years 2021 and 2020, Feeding America awarded grants to every network member food bank. In total, Feeding America granted \$370,873 and \$240,407, respectively, which included \$178,543 and \$146,729 raised from the COVID-19 Response Fund through June 30, 2021 and 2020. The extent to which the pandemic impacts Feeding America's activities and results in fiscal year 2022 and beyond will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain it and its impact, among others. In fiscal year 2021 for sustained response to hunger relief, Feeding America established two board designated funds: one focused on key food security strategic priorities and the other one focused on equity in order to drive investments to communities of color known to be disproportionately impacted by food insecurity and the pandemic.

#### Note 2. 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 (U.S. GAAP). The preparation of financial statements in conformity with U.S. 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.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 2. Significant Accounting Policies (Continued)

**Basis of presentation:** Operating results in the statements of activities reflect all transactions increasing or decreasing net assets with and without donor restrictions except those items listed under the nonoperating subtotal including donations received from wills and bequests, investment returns from funds designated by our Board 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 is also required per a contract with member food banks to maintain two reserves, one to assist with member compliance and another for disaster relief efforts.

Feeding America has three board designated funds, which includes a long-term operating reserve. Also, in fiscal year 2021, the Board of Directors approved the creation of two other funds for sustained response to hunger relief. One fund is focused on key food security strategic priorities and the other one is focused on equity in order to drive investments to communities of color known to be disproportionately impacted by food insecurity and the pandemic. Use of the strategic fund may include research, pilot programs, network and third-party grants, member capacity expansion, technology and infrastructure investments. Board of Directors approval is required for any requested use of the food security strategic priorities or equity impact funds and the minimum balance is established in accordance with the strategic or equity funds respective policies. Board designated funds are 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 return on the principal used for specified purposes or general operations.

**Cash:** Cash is composed of available cash balances. Feeding America maintains its cash in bank deposit accounts, which 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. The cash balance at June 30, 2021, also includes \$120,000 of the two newly established board designated funds.

**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 and reported as investment income. Interest and dividends on long-term investments are included in nonoperating activities. All other investment returns, 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

### Notes to Financial Statements (In Thousands)

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#### Note 2. Significant Accounting Policies (Continued)

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 fair 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 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 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, 2021 and 2020, 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) in the year of contribution. Rates ranging from 3.25% to 5.50% were used in 2021 and 2020. 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.

**Accounts receivable and credit policies:** Accounts receivable consist primarily of noninterest bearing amounts due from members for procurement costs, including securing transportation, associated with Feeding America's grocery and produce programs. Amounts also include 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, aging categories and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2021 and 2020, the allowance was \$525.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 2. Significant Accounting Policies (Continued)

**Property and equipment:** Property and equipment are stated on the basis of cost at date of purchase or, if donated, at fair value at the date of donation. Feeding America's capitalization policy includes \$25,000 for property and equipment and \$50,000 for software projects. Depreciation is computed using the half-year convention straight-line method over the estimated useful lives of the assets. Construction-in-progress is reported at cost and not depreciated until the assets are placed into service. These amounts will be transferred to their related asset classification upon completion. 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 recorded as expense.

**Contributions received in advance:** Feeding America frequently receives cash contributions from corporate and other donors in advance of donor terms and/or conditions being communicated or satisfied. Such amounts are held and not expended and are reported at the fiscal year-end as contributions received in advance on the statement of financial position. Once terms and/or conditions are received (and any conditions are satisfied), Feeding America recognizes contribution revenue and expends funds in accordance with the donor intentions.

**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 non-operating revenue. Gift annuities, included in other current and long-term obligations, were \$1,495 and \$1,084 at June 30, 2021 and 2020, respectively.

**Donated goods and services:** Feeding America reports the fair value of donated food over which it has control (i.e., variance power) as public support, without donor restrictions, and immediately thereafter, as expense when donated to the network. Other donated goods and services meeting recognition criteria under U.S. GAAP are also recorded as public support and as expense, based on estimated fair values. Feeding America did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

**Contributions:** Unconditional 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 typical 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 contributions are not recognized as revenue until conditions are satisfied, which occurs when performance barriers are 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

### Notes to Financial Statements (In Thousands)

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#### Note 2. Significant Accounting Policies (Continued)

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.

**Revenue:** Revenue from contracts, generally with network members, is derived primarily from member fees, conference fees and food procurement.

Feeding America did not have any impairment or credit losses on any receivables arising from contracts with member food banks. There are also no incremental costs of obtaining a contract and no significant financing components. Payment terms for a majority of Feeding America's contracts vary. Also, there were no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with member food banks.

**Food procurement revenue:** These represent revenues paid by network members for the cost to procure food, including securing transportation associated with Feeding America's grocery and produce programs. This revenue is recognized at a point in time, generally when invoiced at the time of the related service dates. There are no significant advance payments received related to food procurement revenue.

**Member fees:** These consist of annual fees assessed to member organizations as well as additional fees for information technology business solutions. Fees are billed in the first quarter of the membership period, which is Feeding America's fiscal year. Feeding America recognizes member fees revenue ratably over the individual membership period as performance obligations are satisfied over time; member benefits are provided evenly over the term of the membership. Member fees received in advance are deferred until earned. During fiscal year 2021, and for the fourth quarter of fiscal year 2020, to provide additional support during the pandemic, Feeding America waived quarterly member fees from food banks reducing member fee revenue. Member fees have been reinstated for the food banks in fiscal year 2022.

**Conference fees:** These represent registration fees and sponsorships for the various conferences that are conducted by Feeding America for the benefit of member organizations. This revenue is recognized over time as the conferences occurs. Registration is open to potential attendees in advance of the conference. Conference fees received but not earned as of year-end are recorded as deferred revenue, which is included in other obligations on the statements of financial position. During fiscal year 2021, Feeding America hosted several virtual conferences that were of no cost to the attendees.

**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 Feeding America-sponsored training programs.

**Member grants:** Feeding America makes awards and grants for child hunger programs, technology grants, food sourcing, nutrition, mobile pantry and other vehicles, and/or general operating support, to be disbursed in the subsequent fiscal year. The liability and related expense for awards and grants are recognized at the time of notification and acceptance by the recipients (majority are member food banks). Recipients are required to meet certain qualifications and to provide accountability to Feeding America for funds disbursed. These requirements, however, do not meet the definition of a condition and therefore, member grants are considered to be unconditional.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 2. Significant Accounting Policies (Continued)

**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% 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 from the costs. Certain other costs incurred for the benefit of the entire organization such as salaries and employee benefits, technology, space occupancy, and insurance 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
Technology	Estimated Time and Effort
Occupancy	Square footage
Insurance	Square footage

**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 statements of activities as Feeding America lacks variance power to direct the use of the funds. During 2021 and 2020, Feeding America received \$634 and \$532, respectively, in agency funds.

**Adopted accounting pronouncement:** In fiscal year 2021, Feeding America elected to early adopt Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

**Pending accounting pronouncement:** In 2016, the Financial Accounting Standards Board (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 12 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 fiscal year 2023 financial statements. Early adoption is permitted. Feeding America is currently evaluating the impact of adoption of the standard on the financial statements.

## Feeding America

### Notes to Financial Statements (In Thousands)

#### Note 3. Liquidity and Availability

The following reflects Feeding America's financial assets as of June 30, 2021 and 2020, 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 operating reserve.

	2021	2020
Financial assets at year-end:		
Total current assets	\$ 497,120	\$ 376,100
Long-term investments	69,102	41,038
Long-term contributions receivable, net	19,709	8,198
Total financial assets	<u>585,931</u>	<u>425,336</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Other assets	(3,377)	(2,430)
Restrictions by donor with time or purpose restrictions (gross)	(192,305)	(261,756)
Donor-restricted endowments	(2,027)	(1,935)
Investments held in annuity trust	(2,117)	(1,639)
Member compliance and disaster reserves	(553)	(722)
Board designations:		
Board designated operating reserve for long-term investing	(63,619)	(36,417)
Financial assets not available to be used within one year	(263,998)	(304,899)
Financial assets available to meet general expenditures within one year	<u>321,933</u>	<u>120,615</u>
Additional resources to meet reserve requirements and liquidity needs:		
Board designated operating reserve for long-term investing	63,619	36,417
Line of credit	10,000	10,000
Financial assets available to meet reserve and liquidity needs	<u>\$ 395,552</u>	<u>\$ 167,032</u>

Feeding America has an investment management and oversight policy authorized by the Board of Directors that provides governance and guidance on the management of cash and cash equivalents and investments. The policy provides that Feeding America maintain an adequate level of cash to meet its on-going operational requirements. In addition, the policy sets forth the structure for investment of excess cash based on the financial needs of Feeding America, the time horizon of those needs, and the Board of Directors' investment philosophy. 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 \$9,300 per month, exclusive of donated goods or services, member grants and depreciation (2020—\$7,400). As of June 30, 2021 and 2020, Feeding America has an additional \$63,619 and \$36,417, respectively, in a board designated operating reserve fund. This board designated fund may be drawn upon with the governing Board's approval for operating purposes within guidelines of the respective fund or 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 network, respectively.



## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 4. Contributions Receivable

Short- and long-term contributions receivable at June 30, 2021 and 2020, were as follows:

	2021	2020
Gross contributions receivable:		
Within one year	\$ 35,412	\$ 35,096
Between one and five years	22,579	9,760
	<u>57,991</u>	<u>44,856</u>
Net discount for present value of contributions receivable	(1,457)	(440)
Allowance for uncollectible contributions receivable	(1,413)	(1,122)
Contributions receivable, net	<u>\$ 55,121</u>	<u>\$ 43,294</u>

#### Note 5. Property and Equipment

Property and equipment at June 30, 2021 and 2020, were as follows:

	2021	2020
Software	\$ 11,292	\$ 8,068
Leasehold improvements	11,059	4,292
Furniture and fixtures	163	853
Computer and office equipment	75	285
Construction-in-progress	3,277	2,680
	<u>25,866</u>	<u>16,178</u>
Accumulated depreciation	(8,138)	(9,092)
	<u>\$ 17,728</u>	<u>\$ 7,086</u>

Construction-in-progress at June 30, 2021, is in connection with various technology projects that are expected to be completed in fiscal year 2022. Estimated costs to complete these projects is approximately \$2,730. Construction-in-progress at June 30, 2020, related to the build-out of new office space. Feeding America moved into its new Chicago Office space in October 2020 and capitalized over \$9,000 in leasehold improvements (tenant allowances received of \$7,040). Fully depreciated assets of \$3,350 related to the former office space and no longer in use, were written off and removed from the accounting records.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 6. Donated Goods and Services

Donated food and other goods and services for the fiscal years ended June 30, 2021 and 2020, included in the financial statements, were as follows:

	2021	2020
Food	\$ 3,379,879	\$ 2,961,835
Media	134,939	-
Supplies (personal protection equipment)	4,907	-
Transportation	624	509
Consulting services	229	2,210
Legal services	189	276
Hotels and airline miles	25	168
	<u>\$ 3,520,792</u>	<u>\$ 2,964,998</u>

Food includes the following main categories: proteins, produce, dairy, bread and beverages as well as a minimal amount of essential household and personal products.

#### Donated Goods

During the fiscal years ended June 30, 2021 and 2020, Feeding America donated 1,888 million pounds and 1,702 million pounds, respectively, of food product to its network members. The food product was donated to Feeding America by approximately 400 national donors and their subsidiaries. The donated food is recorded in the financial statements as public support and as expense at the estimated average fair value of one pound of donated food product at the national level of \$1.79 and \$1.74, for the fiscal years ended June 30, 2021 and 2020, respectively. These values were determined based upon calendar year 2020 and 2019 studies performed by Feeding America. Each of the annual studies involves a review of 31 product categories and wholesale prices using a national wholesaler's pricing catalogs. Other independent sources may also be used as necessary for items not included in the catalogs. The average value of one pound of donated product will vary from year-to-year based on the mix of product items donated. As part of the study, Feeding America analyzes and reviews the results to determine the accuracy and understand the key components of the valuation and the year-over-year changes.

Feeding America has entered into written contracts with national donors to distribute food products directly to its local food bank members. These contracts provide Feeding America explicit variance power and authority over the distribution of the food. A majority of the pounds reported above by Feeding America, totaling 1,553 million pounds and 1,374 million pounds for fiscal years ended June 30, 2021 and 2020, respectively, were donated to member food banks under these contract arrangements. The remainder was directly donated to Feeding America and then donated by Feeding America to the member food banks (335 million pounds and 328 million pounds for fiscal years ended June 30, 2021 and 2020, respectively). 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 variance power and authority over the distribution of such donated goods and services.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 6. Donated Goods and Services (Continued)

##### Donated Services

Feeding America produces public service announcements (PSAs) that run on media outlets across the country. Outlets include television, radio, print and digital media. Feeding America's PSA campaigns are developed in partnership with several donated media suppliers. Feeding America distributes these PSAs to third parties who then distribute them to various media outlets. The media outlets provide placements to Feeding America, free of charge, as a contribution to help communicate Feeding America's mission and engage the general public. Feeding America has contracted with independent outside agencies to track PSA placements and estimate the fair value of the donated media based on the date, time and market in which the PSA is placed. These donated advertisements are recognized as in-kind contributions (donated goods and services) at fair value, with a corresponding expense allocated to the programs benefitted, as they are delivered to the public. Feeding America considers the extent of its involvement with donated media, including factors such as its ability to control where media coverage occurs, or media placements are made. The estimated fair value of these in-kind services for fiscal year 2021, based on information provided by third parties and independent outside agencies, is \$134,939. Prior to fiscal year 2021 and a change in a primary donated media third party, donated media activity did not meet all requirements for in-kind revenue recognition and therefore was not recorded in the financial statements. In fiscal year 2020, the estimated (unaudited) fair value of donated media totaled \$93,655. Other paid advertising costs are expensed as incurred.

In addition, a number of individuals and organizations have made in-kind donations or volunteered their services to Feeding America. Contributed services recognized include professional services from attorneys and consultants advising Feeding America on various strategic, administrative and legal matters, and other services. Donated supplies, transportation, hotel and airline miles are provided to Feeding America to help defray the costs of those goods and services that would otherwise have been purchased. Contributed services and supplies are valued and are reported at the estimated fair value in the financial statements based on current market rates for similar legal, consulting, travel and other services and supplies. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements. Feeding America did not monetize any contributed nonfinancial assets. Unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

#### Note 7. Member Grants

Member grants, awarded to member food banks, for the fiscal years ended June 30, 2021 and 2020, were as follows:

	2021	2020
Member services	\$ 131,447	\$ 57,109
Food sourcing and procurement	24,789	12,502
Programs	38,104	18,810
Research and analysis	4,066	4,082
Other	2,924	1,175
	<u>201,330</u>	<u>93,678</u>
COVID-19 directed for food sourcing and procurement	178,543	146,729
	<u>\$ 379,873</u>	<u>\$ 240,407</u>

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 7. Member Grants (Continued)

All member grants distributed by Feeding America are for the benefit of the network members and as such, are classified on the statement of activities and statement of functional expenses as either member services or food procurement. These grants are considered to be unconditional. As of June 30, 2021 and 2020, Feeding America accrued expenses of \$2,530 and \$7,112, respectively, for grants that have been awarded to member organizations but not yet distributed as of the year-end. These amounts are payable within one year and are included in accounts payable and accrued expenses.

Feeding America provided network members with grant funds to assist with the COVID-19 response—both emergency relief and longer-term recovery efforts. Grants were awarded from the COVID-19 Response Fund to support day-to-day operating expenses such as transportation, personal protection equipment (PPE), staffing, community outreach, technology, equipment/assets, and a variety of innovative food sourcing and distribution programs.

#### Note 8. 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. Long-term investment portfolio has separate objectives and strategies (Note 12).

The cost and fair value of short and long-term investments at June 30, 2021 and 2020, were as follows:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 23,413	\$ 23,411	\$ 1,314	\$ 1,310
Government and agency securities and mutual funds	295	291	16,122	16,753
Corporate bonds and fixed-income mutual funds	27,286	28,018	12,948	13,183
Domestic equity mutual funds	8,143	10,474	7,326	7,892
International equity mutual funds	7,557	8,557	3,999	3,854
Hedge fund of funds	1,495	2,066	1,495	1,740
Limited partnership	35	36	35	35
	<u>\$ 68,224</u>	<u>\$ 72,853</u>	<u>\$ 43,239</u>	<u>\$ 44,767</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, 2021. 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.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 8. Investments (Continued)

Investment returns for the years ended June 30, 2021 and 2020, are as follows:

	2021	2020
Income from investments:		
Interest and dividends, net of fees	\$ 1,544	\$ 1,784
Gains and losses on investments:		
Net realized and unrealized gains on investments	4,682	204
Total return on investments	<u>\$ 6,226</u>	<u>\$ 1,988</u>

Investment returns reflected in the statements of activities for the years ended June 30, 2021 and 2020, are as follows:

	2021	2020
Operating activities:		
Interest and dividend income without donor restrictions	\$ 591	\$ 706
Nonoperating activities:		
Investment return without donor restrictions	5,255	1,190
Investment return with donor restrictions	380	92
Total investment return	<u>\$ 6,226</u>	<u>\$ 1,988</u>

Short-term investments at June 30, 2021 and 2020, include \$553 and \$722, respectively, in member compliance and disaster reserves. Investment fees, included as a reduction of interest and dividends above, were \$146 for the fiscal years ended June 30, 2021 and 2020, respectively.

#### Note 9. 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 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 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.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 9. Fair Value Measurements (Continued)

**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.

**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 a limited partnership fund.

**Level 3:** Inputs are unobservable inputs for the asset or liability. There were no Level 3 investments at June 30, 2021 or 2020.

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 tables present assets that are measured at fair value on a recurring basis at June 30, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 23,411	\$ -	\$ -	\$ 23,411
Government and agency securities and mutual funds	291	-	-	291
Corporate bonds and fixed-income mutual funds	28,018	-	-	28,018
Domestic equity mutual funds	10,474	-	-	10,474
International equity mutual funds	8,557	-	-	8,557
Limited partnership	-	36	-	36
	<u>\$ 70,751</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>70,787</u>
Hedge fund of funds <sup>1</sup>				2,066
Total investments				<u>\$ 72,853</u>

## Feeding America

### Notes to Financial Statements (In Thousands)

#### Note 9. Fair Value Measurements (Continued)

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 1,310	\$ -	\$ -	\$ 1,310
Government and agency securities and mutual funds	16,753	-	-	16,753
Corporate bonds and fixed-income mutual funds	13,183	-	-	13,183
Domestic equity mutual funds	7,892	-	-	7,892
International equity mutual funds	3,854	-	-	3,854
Limited partnership	-	35	-	35
	<u>\$ 42,992</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>43,027</u>
Hedge fund of funds <sup>1</sup>				1,740
Total investments				<u>\$ 44,767</u>

<sup>1</sup> 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, 2021 and 2020.

#### Note 10. Commitments and Contingencies

**Operating leases:** In February 2020, Feeding America entered into an operating lease for its new headquarters in Chicago. The initial term of the lease is 15 years with a lease commencement date of November 1, 2020 and a lease expiration date of October 31, 2035. After substantial completion of the renovation of the premises, Feeding America was able to occupy the space prior to November 1, 2020, at no additional cost other than electricity and other variable expenses. A prior lease for certain Chicago headquarter office space expired in November 2020.

Feeding America has an 11-year lease for certain space in Washington, D.C. that 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 the lease term.

Feeding America also occupies certain office space in Washington, D.C. under a lease agreement with an initial term of 10 years and 6 months, expiring in May 2028.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 10. Commitments and Contingencies (Continued)

Office 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 include rental expense recognized in excess of lease payments made as of June 30, 2021 and 2020, as well as tenant construction allowances received. Payments made to, or on behalf of, the lessee represent tenant incentives or allowances that should be considered reductions of rental expense and amortized over the initial term of the lease. Rental expense under the terms of all operating leases amounted to \$2,258 in fiscal year 2021 (2020 - \$2,302) and is reported within occupancy expenses on the statements of functional expenses.

Future minimum lease payments as of June 30, 2021, are as follows:

2022	\$	1,823
2023		2,638
2024		2,363
2025		2,422
2026		2,483
Thereafter		16,867
Total future minimum lease payments	\$	<u>28,596</u>

Total future minimum sublease payments to be received as of June 30, 2021, are as follows:

2022	\$	267
2023		254
Total future minimum lease payments	\$	<u>521</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, 2021 was 0.10% (2020 - 0.16%). The line of credit is secured by a general lien on the assets of Feeding America. There were no borrowings under the line of credit during fiscal years 2021 or 2020 as well as no amounts outstanding under the line of credit at June 30, 2021 and 2020. The line of credit expires on November 30, 2021; 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, 2021. 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)

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#### Note 11. Net Assets

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Net assets restricted for time or purpose:		
Food sourcing and procurement	\$ 53,848	\$ 181,313
Member services	53,696	29,794
Management and general	36,079	25,538
Programs	29,997	21,274
Research and analysis	13,416	3,031
Policy and advocacy	5,165	549
Public awareness and education	91	169
Fund development	13	88
	<u>192,305</u>	<u>261,756</u>
Net assets related to endowment funds in perpetuity:		
General endowment	2,027	1,935
Total net assets with donor restrictions	<u>\$ 194,332</u>	<u>\$ 263,691</u>

#### Note 12. 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 14 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 endowment. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets consist of the following at June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, original funds and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,027	\$ 2,027
Donor-restricted endowment funds, accumulated investment gains	-	963	963
Board-designated reserve funds	63,619	-	63,619
Total endowment funds	<u>\$ 63,619</u>	<u>\$ 2,990</u>	<u>\$ 66,609</u>

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 12. Endowments (Continued)

Endowment net assets consist of the following at June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, original funds and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,935	\$ 1,935
Donor-restricted endowment funds, accumulated investment gains	-	692	692
Board-designated reserve funds	36,417	-	36,417
Total endowment funds	<u>\$ 36,417</u>	<u>\$ 2,627</u>	<u>\$ 39,044</u>

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2020	\$ 36,417	\$ 2,627	\$ 39,044
Additions	22,450	60	22,510
Investment returns	4,752	380	5,132
Appropriated expenditures of endowment assets	-	(77)	(77)
Endowment net assets, June 30, 2021	<u>\$ 63,619</u>	<u>\$ 2,990</u>	<u>\$ 66,609</u>

Changes in endowment net assets for the year ended June 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2019	\$ 35,336	\$ 2,595	\$ 37,931
Additions	-	20	20
Investment returns	1,081	86	1,167
Appropriated expenditures of endowment assets	-	(74)	(74)
Endowment net assets, June 30, 2020	<u>\$ 36,417</u>	<u>\$ 2,627</u>	<u>\$ 39,044</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, 2021 and 2020.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 12. Endowments (Continued)

**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.

**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, other securities and cash (in a 22-66-12% 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% 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. In fiscal years 2021 and 2020, Feeding America has declined to spend any of the Board Designated endowed funds.

#### Note 13. Related-Party Transactions

For the years ended June 30, 2021 and 2020, Feeding America recorded contributions of \$46,097 and \$7,467, respectively, in cash and pledges and \$1,469,107 and \$1,286,481 in goods and services from companies that have representatives who are members of Feeding America's Board of Directors. At June 30, 2021 and 2020, Feeding America had \$7,359 and \$99, respectively, of outstanding contributions 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.

In prior years, Feeding America executed lines of credit to two-member food banks. These lines were used for the acquisition of trucks and warehouse equipment as well as operating purposes. The lines of credit bore interest at the LIBOR three-month maturity rate, plus 2.00% and the members made required principal payments throughout fiscal year 2021. At June 30, 2021, Feeding America made the decision to forgive the remaining amount of the debt. Feeding America does not anticipate entering into any future line of credit agreements with members.

## **Feeding America**

### **Notes to Financial Statements (In Thousands)**

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#### **Note 14. 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, 2021 and 2020, were \$2,020 and \$1,688, respectively.

#### **Note 15. Subsequent Events**

Feeding America evaluated subsequent events and transactions through November 10, 2021, the date the financial statements were available to be issued.

## **Supplementary Information**

# Feeding America

## Statements of Activities—COVID-19 Response Fund Activities Years Ended June 30, 2021 and 2020 (In Thousands)

	Fiscal Year 2021			Fiscal Year 2020		
	COVID Response Fund	Total Non-COVID	Total	COVID Response Fund	Total Non-COVID	Total
Operating activities:						
Public support and revenue:						
Public support:						
Individual contributions	\$ 5,381	\$ 322,034	\$ 327,415	\$ 153,869	\$ 148,528	\$ 302,397
Corporate contributions	15,856	140,745	156,601	107,948	69,518	177,466
Foundations	7,753	18,925	26,678	27,818	6,426	34,244
Corporate promotions	5,776	109,952	115,728	17,285	51,267	68,552
<b>Total fundraising</b>	<b>34,766</b>	<b>591,656</b>	<b>626,422</b>	<b>306,920</b>	<b>275,739</b>	<b>582,659</b>
Donated goods and services	-	3,520,792	3,520,792	-	2,964,998	2,964,998
<b>Total public support</b>	<b>34,766</b>	<b>4,112,448</b>	<b>4,147,214</b>	<b>306,920</b>	<b>3,240,737</b>	<b>3,547,657</b>
Revenue:						
Food procurement revenue	(5,137)	181,698	176,561	-	89,149	89,149
Member fees	-	178	178	-	4,042	4,042
Conference fees	-	380	380	-	794	794
Other revenue	1,000	1,727	2,727	-	2,478	2,478
Investment income	-	591	591	-	706	706
Net assets released from restrictions	-	-	-	-	-	-
<b>Total public support and revenue</b>	<b>30,629</b>	<b>4,297,022</b>	<b>4,327,651</b>	<b>306,920</b>	<b>3,337,906</b>	<b>3,644,826</b>
Expenses:						
Program services:						
Member services	-	193,823	193,823	-	94,759	94,759
Food procurement	177,711	3,593,462	3,771,173	148,979	3,072,363	3,221,342
Public awareness and education	-	145,008	145,008	-	6,285	6,285
Policy and advocacy	-	7,004	7,004	-	4,669	4,669
Programs	3,400	2,618	6,018	-	4,421	4,421
Research and analysis	-	4,557	4,557	-	3,654	3,654
<b>Total program services</b>	<b>181,111</b>	<b>3,946,472</b>	<b>4,127,583</b>	<b>148,979</b>	<b>3,186,151</b>	<b>3,335,130</b>
Supporting services:						
Management and general	-	19,665	19,665	-	15,612	15,612
Fund development	-	44,575	44,575	-	34,306	34,306
<b>Total supporting services</b>	<b>-</b>	<b>64,240</b>	<b>64,240</b>	<b>-</b>	<b>49,918</b>	<b>49,918</b>
<b>Total expenses</b>	<b>181,111</b>	<b>4,010,712</b>	<b>4,191,823</b>	<b>148,979</b>	<b>3,236,069</b>	<b>3,385,048</b>
<b>Increase (decrease) in net assets before nonoperating activities</b>	<b>(150,482)</b>	<b>286,310</b>	<b>135,828</b>	<b>157,941</b>	<b>101,837</b>	<b>259,778</b>
Nonoperating activities:						
Wills and bequests	-	25,318	25,318	-	1,340	1,340
Individual contributions	-	80	80	-	20	20
Investment returns	-	5,635	5,635	-	1,282	1,282
Other	(1,000)	(739)	(1,739)	-	(777)	(777)
<b>Increase (decrease) in net assets</b>	<b>(151,482)</b>	<b>316,604</b>	<b>165,122</b>	<b>157,941</b>	<b>103,702</b>	<b>261,643</b>
Net assets—beginning of year	160,578	239,377	399,955	2,637	135,675	138,312
Net assets—end of year	\$ 9,096	\$ 555,981	\$ 565,077	\$ 160,578	\$ 239,377	\$ 399,955