

# Feeding America

Financial Report  
June 30, 2022

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Feeding America

### Opinion

We have audited the financial statements of Feeding America, which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Feeding America as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Feeding America and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Feeding America's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

*RSM US LLP*

Chicago, Illinois  
November 28, 2022

## Feeding America

### Statements of Financial Position June 30, 2022 and 2021 (In Thousands)

	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 484,580	\$ 442,132
Short-term investments	3,679	3,751
Contributions receivable, net	27,756	35,412
Accounts receivable, net	14,280	12,448
Other assets	3,039	3,377
<b>Total current assets</b>	<b>533,334</b>	497,120
Long-term investments	61,381	69,102
Contributions receivable, net	26,848	19,709
Other assets	93	108
Property and equipment, net	23,167	17,728
<b>Total assets</b>	<b>\$ 644,823</b>	<b>\$ 603,767</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 48,735	\$ 15,678
Contributions received in advance	6,583	11,737
Other obligations	196	163
Current portion of leases payable	769	758
<b>Total current liabilities</b>	<b>56,283</b>	28,336
Leases payable, less current portion	8,651	8,984
Other obligations	1,528	1,370
<b>Total liabilities</b>	<b>66,462</b>	38,690
Net assets:		
Without donor restrictions:		
Undesignated	259,063	187,126
Board designated:		
Operating reserves	55,517	63,619
Food Security Strategic Priorities Fund	69,826	100,000
Food Security Equity Impact Fund	10,256	20,000
	<b>135,599</b>	183,619
	<b>394,662</b>	370,745
With donor restrictions	183,699	194,332
<b>Total net assets</b>	<b>578,361</b>	565,077
<b>Total liabilities and net assets</b>	<b>\$ 644,823</b>	<b>\$ 603,767</b>

See notes to financial statements.

## Feeding America

### Statements of Activities Years Ended June 30, 2022 and 2021 (In Thousands)

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Public support and revenue:						
Public support:						
Individual contributions	\$ 160,298	\$ 50,862	\$ 211,160	\$ 293,503	\$ 33,912	\$ 327,415
Corporate contributions	66,008	57,965	123,973	112,662	43,939	156,601
Foundations	1,740	1,227	2,967	18,025	8,653	26,678
Corporate promotions	34,903	27,220	62,123	76,928	38,800	115,728
<b>Total fundraising</b>	<b>262,949</b>	<b>137,274</b>	<b>400,223</b>	<b>501,118</b>	<b>125,304</b>	<b>626,422</b>
Donated goods and services	3,923,440	-	3,923,440	3,520,792	-	3,520,792
<b>Total public support</b>	<b>4,186,389</b>	<b>137,274</b>	<b>4,323,663</b>	<b>4,021,910</b>	<b>125,304</b>	<b>4,147,214</b>
Revenue:						
Food procurement revenue	147,074	-	147,074	176,561	-	176,561
Member fees	5,285	-	5,285	178	-	178
Conference fees	391	-	391	380	-	380
Other revenue	3,274	-	3,274	2,727	-	2,727
Investment income	-	3	3	591	-	591
Net assets released from restrictions	135,613	(135,613)	-	194,782	(194,782)	-
<b>Total public support and revenue</b>	<b>4,478,026</b>	<b>1,664</b>	<b>4,479,690</b>	<b>4,397,129</b>	<b>(69,478)</b>	<b>4,327,651</b>
Expenses:						
Program services:						
Member services	120,570	-	120,570	193,823	-	193,823
Food procurement	4,058,661	-	4,058,661	3,771,173	-	3,771,173
Public awareness and education	112,703	-	112,703	145,008	-	145,008
Policy and advocacy	15,950	-	15,950	7,004	-	7,004
Programs	48,488	-	48,488	6,018	-	6,018
Research and analysis	12,669	-	12,669	4,557	-	4,557
<b>Total program services</b>	<b>4,369,041</b>	<b>-</b>	<b>4,369,041</b>	<b>4,127,583</b>	<b>-</b>	<b>4,127,583</b>
Supporting services:						
Management and general	17,143	-	17,143	19,665	-	19,665
Fund development	64,885	-	64,885	44,575	-	44,575
<b>Total supporting services</b>	<b>82,028</b>	<b>-</b>	<b>82,028</b>	<b>64,240</b>	<b>-</b>	<b>64,240</b>
<b>Total expenses</b>	<b>4,451,069</b>	<b>-</b>	<b>4,451,069</b>	<b>4,191,823</b>	<b>-</b>	<b>4,191,823</b>
<b>Increase (decrease) in net assets before nonoperating activities</b>	<b>26,957</b>	<b>1,664</b>	<b>28,621</b>	<b>205,306</b>	<b>(69,478)</b>	<b>135,828</b>
Nonoperating activities:						
Wills and bequests	5,371	197	5,568	25,080	238	25,318
Individual contributions	-	95	95	20	60	80
Investment (loss) return	(8,411)	(384)	(8,795)	5,255	380	5,635
Other	-	(12,205)	(12,205)	(1,180)	(559)	(1,739)
<b>Total nonoperating activities</b>	<b>(3,040)</b>	<b>(12,297)</b>	<b>(15,337)</b>	<b>29,175</b>	<b>119</b>	<b>29,294</b>
<b>Increase (decrease) in net assets</b>	<b>23,917</b>	<b>(10,633)</b>	<b>13,284</b>	<b>234,481</b>	<b>(69,359)</b>	<b>165,122</b>
Net assets—beginning of year	370,745	194,332	565,077	136,264	263,691	399,955
Net assets—end of year	\$ 394,662	\$ 183,699	\$ 578,361	\$ 370,745	\$ 194,332	\$ 565,077

See notes to financial statements.

## Feeding America

### Statement of Functional Expenses Year Ended June 30, 2022 (In Thousands)

	Program Services							Supporting Services				Total
	Member Services			Public Awareness and Education	Policy and Advocacy	Research and Analysis	Total Program Services	Management and General	Fund Development	Total Supporting Services		
	Member Services	Food Procurement	Total Member Services									
Salaries	\$ 8,590	\$ 6,252	\$ 14,842	\$ 1,935	\$ 2,114	\$ 2,293	\$ 2,468	\$ 23,652	\$ 8,039	\$ 9,963	\$ 18,002	\$ 41,654
Benefits and taxes	1,833	1,644	3,477	469	608	659	607	5,820	1,022	2,668	3,690	9,510
<b>Total salaries and related expenses</b>	<b>10,423</b>	<b>7,896</b>	<b>18,319</b>	<b>2,404</b>	<b>2,722</b>	<b>2,952</b>	<b>3,075</b>	<b>29,472</b>	<b>9,061</b>	<b>12,631</b>	<b>21,692</b>	<b>51,164</b>
Professional services and fees	5,551	1,161	6,712	1,651	4,995	2,215	2,985	18,558	2,849	14,085	16,934	35,492
Telecommunications	47	40	87	8	10	14	15	134	38	56	94	228
Advertising	-	-	-	-	-	1,688	-	1,688	-	13,101	13,101	14,789
Postage and shipping	9	25	34	1	1	2	2	40	8	10,268	10,276	10,316
Disaster purchases and transportation	18	1,260	1,278	-	-	-	-	1,278	-	-	-	1,278
Food sourcing and transportation	4	149,382	149,386	-	-	-	-	149,386	-	1	1	149,387
Occupancy	324	322	646	122	173	221	209	1,371	609	739	1,348	2,719
Insurance	31	28	59	9	13	16	16	113	49	57	106	219
Equipment and maintenance	34	2	36	1	1	1	1	40	3	4	7	47
Printing and production	149	3	152	1,850	1	14	1	2,018	13	9,712	9,725	11,743
Travel and business meetings	575	163	738	21	56	142	36	993	203	114	317	1,310
Software expense	423	701	1,124	68	98	128	270	1,688	667	1,286	1,953	3,641
Member grants	100,596	86,213	186,809	-	7,373	40,433	4,762	239,377	-	-	-	239,377
Other	142	(119)	23	38	110	106	44	321	290	213	503	824
Depreciation	1,361	825	2,186	79	106	142	859	3,372	592	1,131	1,723	5,095
<b>Total expenses before donated goods and services</b>	<b>119,687</b>	<b>247,902</b>	<b>367,589</b>	<b>6,252</b>	<b>15,659</b>	<b>48,074</b>	<b>12,275</b>	<b>449,849</b>	<b>14,382</b>	<b>63,398</b>	<b>77,780</b>	<b>527,629</b>
Donated goods and services	883	3,810,759	3,811,642	106,451	291	414	394	3,919,192	2,761	1,487	4,248	3,923,440
<b>Total</b>	<b>\$ 120,570</b>	<b>\$ 4,058,661</b>	<b>\$ 4,179,231</b>	<b>\$ 112,703</b>	<b>\$ 15,950</b>	<b>\$ 48,488</b>	<b>\$ 12,669</b>	<b>\$ 4,369,041</b>	<b>\$ 17,143</b>	<b>\$ 64,885</b>	<b>\$ 82,028</b>	<b>\$ 4,451,069</b>
Percent of total expenses	2.71%	91.18%	93.89%	2.53%	0.36%	1.09%	0.28%	98.15%	0.39%	1.46%	1.85%	100.00%

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	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

### Statements of Cash Flows Years Ended June 30, 2022 and 2021 (In Thousands)

	2022	2021
Cash flows from operating activities:		
Increase in net assets	\$ 13,284	\$ 165,122
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,095	2,387
Provision on uncollectible contributions receivable	10,321	291
Deferred lease obligation	(322)	643
Net realized and unrealized (gains) losses on investments	10,158	(4,682)
Contributions received for long-term investment	(5,371)	(25,080)
Tenant allowances received from landlord	-	7,040
Changes in operating assets and liabilities:		
Contributions receivable	(9,804)	(12,118)
Accounts receivable and other assets	(1,479)	4,983
Accounts payable and accrued expenses	33,057	(7,489)
Contributions received in advance	(5,154)	5,511
Other obligations	191	346
<b>Net cash provided by operating activities</b>	<b>49,976</b>	<b>136,954</b>
Cash flows from investing activities:		
Purchase of investments	(2,575)	(23,550)
Sale or maturity of investments	210	146
Acquisition of property, software and equipment	(10,534)	(13,029)
Repayment of notes receivable from members	-	257
<b>Net cash used in investing activities</b>	<b>(12,899)</b>	<b>(36,176)</b>
Cash flows from financing activities:		
Contributions received for long-term investment	5,371	25,080
<b>Net cash provided by financing activities</b>	<b>5,371</b>	<b>25,080</b>
<b>Net increase in cash</b>	<b>42,448</b>	<b>125,858</b>
Cash:		
Beginning of year	442,132	316,274
End of year	<b>\$ 484,580</b>	<b>\$ 442,132</b>

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 nonprofit 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.

For the past three fiscal years, the impact of COVID-19 pandemic has affected Feeding America's operations, donors, suppliers, vendors and other key stakeholders. In March 2020, in response to the pandemic, Feeding America established the COVID-19 Response Fund. This represented 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 2020 through 2022, Feeding America awarded grants to every network member food bank. Before the funds were exhausted in fiscal year 2022, Feeding America granted over \$336,000 in total raised from the COVID-19 Response Fund (FY 2022—\$11,494). To continue our commitment for sustained response to hunger relief, in fiscal year 2021, 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, one of which is a long-term operating reserve. 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. Use of the strategic fund may include research, pilot programs, network and third-party grants, member capacity expansion, and 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. Board designated funds totaled \$135,599 and \$183,619 at June 30, 2022 and 2021, respectively.

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, 2022, includes \$80,082 of the two board designated funds for sustained response to hunger relief (2021—\$120,000).

**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 Financial Accounting Standards Board (FASB) 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, 2022 and 2021, 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 2022 and 2021. 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, 2022 and 2021, 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 depreciable asset category 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 statements of financial position. Once terms are met 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 \$1,686 and \$1,495 at June 30, 2022 and 2021, 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)**

Conditional contributions, which totaled \$5,300 and \$4,200 at June 30, 2022 and 2021, respectively, are not recognized as contribution revenue until the conditions on which they depend have been substantially met. These balances are included on the statements of financial position as contributions received in advance.

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 food procurement revenue, member fees, and conference fees.

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, to provide additional support during the pandemic, Feeding America waived quarterly member fees from food banks reducing member fee revenue. Member fees were reinstated in full 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 occur. Registration is open to potential attendees in advance of the conference. Conference fees received but not earned as of fiscal year-end are recorded as deferred revenue, which is included in other obligations on the statements of financial position. During fiscal year 2021, and again in 2022, 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 and revenue from sublease agreements and fees for Feeding America-sponsored training programs.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

**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 during as well as 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) since the award is unconditional. Recipients are required to meet certain qualifications and to provide accountability to Feeding America for funds disbursed prior to the grant. A grant is considered conditional when it has both a right of return or release of one or more barriers that must be overcome before a recipient is entitled to the cash transferred or promised. Member grants awarded are typically unconditional.

**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 2022 and 2021, Feeding America received \$213 and \$634, respectively, in agency funds.

**Pending accounting pronouncement:** In 2016, the FASB issued Accounting Standards Update (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 statements 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 statements 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, 2022 and 2021, reduced by amounts not available for general use within one year of the statements 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.

	2022	2021
Financial assets at year-end:		
Total current assets	\$ 533,334	\$ 497,120
Long-term investments	61,381	69,102
Long-term contributions receivable, net	26,848	19,709
Total financial assets	<u>621,563</u>	<u>585,931</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Other assets	(3,039)	(3,377)
Restrictions by donor with time or purpose restrictions (gross)	(181,079)	(192,305)
Donor-restricted endowments	(2,620)	(2,990)
Investments held in annuity trust	(2,750)	(2,117)
Member compliance and disaster reserves	(521)	(553)
Board designations:		
Board designated operating reserve for long-term investing	(55,517)	(63,619)
Financial assets not available to be used within one year	<u>(245,526)</u>	<u>(264,961)</u>
Financial assets available to meet general expenditures within one year	<u>376,037</u>	<u>320,970</u>
Additional resources to meet reserve requirements and liquidity needs:		
Board designated operating reserve for long-term investing	55,517	63,619
Line of credit	10,000	10,000
Financial assets available to meet reserve and liquidity needs	<u>\$ 441,554</u>	<u>\$ 394,589</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 \$11,300 per month, exclusive of donated goods or services, member grants and depreciation (2021—\$9,400). As of June 30, 2022 and 2021, Feeding America has an additional \$55,517 and \$63,619, 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, 2022 and 2021, were as follows:

	2022	2021
Gross contributions receivable:		
Within one year	\$ 37,756	\$ 35,412
Between one and five years	31,593	22,579
	<u>69,349</u>	<u>57,991</u>
Present value discount	(3,011)	(1,457)
Allowance for uncollectible	(11,734)	(1,413)
Contributions receivable, net	<u>\$ 54,604</u>	<u>\$ 55,121</u>

In 2022, the allowance for uncollectible contributions receivable was increased for specific balances where collection was uncertain as of June 30, 2022.

#### Note 5. Property and Equipment

Property and equipment at June 30, 2022 and 2021, were as follows:

	2022	2021
Software	\$ 22,905	\$ 11,292
Leasehold improvements	11,059	11,059
Furniture and fixtures	163	163
Computer and office equipment	75	75
Construction-in-progress	2,194	3,277
	<u>36,396</u>	<u>25,866</u>
Accumulated depreciation	(13,229)	(8,138)
	<u>\$ 23,167</u>	<u>\$ 17,728</u>

Construction-in-progress at June 30, 2022, is in connection with various technology projects that are expected to be completed in fiscal year 2023. Estimated costs to complete these projects is approximately \$400.

## 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, 2022 and 2021, included in the financial statements, were as follows:

	2022	2021
Food	\$ 3,808,438	\$ 3,379,879
Media	106,222	134,939
Supplies (software and personal protection equipment)	5,564	4,907
Legal services	1,534	189
Transportation	1,307	624
Hotels and airline miles	375	25
Consulting services	-	229
	<u>\$ 3,923,440</u>	<u>\$ 3,520,792</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, 2022 and 2021, Feeding America donated 1,984 million pounds and 1,888 million pounds, respectively, of food product to its network members. The food product was donated to Feeding America by approximately 600 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 \$1.92 and \$1.79, for the fiscal years ended June 30, 2022 and 2021, respectively. These values were determined based upon the pounds received as of calendar year end 2021 and 2020 and 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 and the current value of the product. 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 1,638 million pounds and 1,553 million pounds for fiscal years ended June 30, 2022 and 2021, 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 (346 million pounds and 335 million pounds for fiscal years ended June 30, 2022 and 2021, 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 2022, based on information provided by third parties and independent outside agencies, is \$106,222 (2021—\$134,939). 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, 2022 and 2021, were as follows:

	2022	2021
Member services	\$ 100,597	\$ 131,447
Food sourcing and procurement	74,719	24,789
Programs	39,848	38,104
Policy and advocacy	7,372	2,794
Other	5,347	4,196
	<u>227,883</u>	<u>201,330</u>
COVID-19 directed for food sourcing and procurement	11,494	178,543
	<u>\$ 239,377</u>	<u>\$ 379,873</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 statements of activities and statements of functional expenses as either member services or food procurement. These grants are considered to be unconditional. As of June 30, 2022 and 2021, Feeding America accrued expenses of \$21,815 and \$2,530, respectively, for grants that have been awarded 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, for the last three fiscal years until the funds were exhausted. 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, 2022 and 2021, were as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 1,868	\$ 1,868	\$ 23,411	\$ 23,411
Government and agency securities and mutual funds	2,508	2,380	295	291
Corporate bonds and fixed-income mutual funds	38,262	34,243	27,288	28,018
Domestic equity mutual funds	19,349	17,944	8,143	10,474
International equity mutual funds	6,980	6,639	7,557	8,557
Hedge fund of funds	1,493	1,947	1,495	2,066
Limited partnership	39	39	35	36
	<u>\$ 70,499</u>	<u>\$ 65,060</u>	<u>\$ 68,224</u>	<u>\$ 72,853</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, 2022. 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, 2022 and 2021, are as follows:

	2022	2021
Income from investments:		
Interest and dividends, net of fees	\$ 1,366	\$ 1,544
Gains and losses on investments:		
Net realized and unrealized (losses) gains on investments	(10,158)	4,682
Total (loss) return on investments	<u>\$ (8,792)</u>	<u>\$ 6,226</u>

Investment returns reflected in the statements of activities for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Operating activities:		
Interest and dividend income without donor restrictions	\$ 3	\$ 591
Nonoperating activities:		
Investment (loss) return without donor restrictions	(8,411)	5,255
Investment (loss) return with donor restrictions	(384)	380
Total (loss) return on investments	<u>\$ (8,792)</u>	<u>\$ 6,226</u>

Short-term investments at June 30, 2022 and 2021, include \$521 and \$553, respectively, in member compliance and disaster reserves. Investment fees, included as a reduction of interest and dividends above, were \$212 and \$146 for the fiscal years ended June 30, 2022 and 2021, 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, 2022 or 2021.

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, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 1,868	\$ -	\$ -	\$ 1,868
Government and agency securities and mutual funds	2,380	-	-	2,380
Corporate bonds and fixed-income mutual funds	34,243	-	-	34,243
Domestic equity mutual funds	17,944	-	-	17,944
International equity mutual funds	6,639	-	-	6,639
Limited partnership	-	39	-	39
	<u>\$ 63,074</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>63,113</u>
Hedge fund of funds <sup>1</sup>				1,947
Total investments				<u>\$ 65,060</u>

## Feeding America

### Notes to Financial Statements (In Thousands)

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

	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>

<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 statements 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, 2022 and 2021.

#### Note 10. Commitments and Contingencies

**Operating leases:** In February 2020, Feeding America entered into an operating lease for its 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 remainder of 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, 2022 and 2021, 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 \$2,380 in fiscal year 2022 (2021—\$2,258) and is reported within occupancy expenses on the statements of functional expenses.

Future minimum lease payments as of June 30, 2022, are as follows:

2023	\$	2,647
2024		2,373
2025		2,432
2026		2,493
2027		2,555
Thereafter		14,333
Total future minimum lease payments	\$	<u>26,833</u>

Total future minimum sublease payments to be received as of June 30, 2022 are \$254.

**Line of credit:** Feeding America has a \$10,000 secured line of credit from its primary bank that bears interest at a rate equal to the sum of (i) greater of the Bloomberg Short Term Bank Yield Index (BSBY) Daily Floating Rate, which is a fluctuating rate of interest which can change on each banking day, or the Index Floor, plus (ii) 0.75 percentage point(s). For the purposes of the interest rate calculations, the Index Floor means 0.00%. 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 2022 or 2021 as well as no amounts outstanding under the line of credit at June 30, 2022 and 2021. Subsequent to year-end, in November 2022, management and its primary bank renewed the line of credit under similar terms and an expiration date of November 28, 2023.

**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, 2022. 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 11. Net Assets

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Net assets restricted for time or purpose:		
Member services	\$ 62,772	\$ 53,696
Food sourcing and procurement	35,834	53,848
Research and analysis	34,679	13,416
Programs	31,151	29,997
Management and general	13,107	36,079
Policy and advocacy	4,034	5,165
Public awareness and education	-	91
Fund development	-	13
	<u>181,577</u>	<u>192,305</u>
Net assets related to endowment funds in perpetuity:		
General endowment	2,122	2,027
Total net assets with donor restrictions	<u>\$ 183,699</u>	<u>\$ 194,332</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 the Uniform Prudent Management of Institutional Funds Act (UPMIFA) for the state of Illinois.

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, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, original funds and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,122	\$ 2,122
Donor-restricted endowment funds, accumulated investment gains	-	498	498
Board-designated reserve funds	55,517	-	55,517
Total endowment funds	<u>\$ 55,517</u>	<u>\$ 2,620</u>	<u>\$ 58,137</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, 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>

Changes in endowment net assets for the year ended June 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2021	\$ 63,619	\$ 2,990	\$ 66,609
Additions	-	95	95
Investment losses	(8,102)	(384)	(8,486)
Appropriated expenditures of endowment assets	-	(81)	(81)
Endowment net assets, June 30, 2022	<u>\$ 55,517</u>	<u>\$ 2,620</u>	<u>\$ 58,137</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>

**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, 2022 and 2021.

## 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 2022 and 2021, Feeding America has declined to spend any of the Board Designated endowed funds.

#### Note 13. Related-Party Transactions

For the years ended June 30, 2022 and 2021, Feeding America recorded contributions of \$21,373 and \$46,097, respectively, in cash and pledges and \$1,595,978 and \$1,469,107, respectively, in goods and services from companies that have representatives who are members of Feeding America's Board of Directors. At June 30, 2022 and 2021, Feeding America had \$2,993 and \$7,359, respectively, of outstanding contributions receivable 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 for the acquisition of trucks and warehouse equipment as well as operating purposes. The members made required principal payments throughout fiscal year 2021 and 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, 2022 and 2021, were \$2,375 and \$2,020, respectively.

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

Feeding America evaluated subsequent events and transactions through November 28, 2022, the date the financial statements were available to be issued.