

# Feeding America

Financial Report  
June 30, 2024

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## 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, 2024 and 2023, 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, 2024 and 2023, 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  
December 18, 2024

## Feeding America

### Statements of Financial Position June 30, 2024 and 2023 (In Thousands)

	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 362,413	\$ 425,662
Short-term investments	4,069	3,826
Contributions receivable, net	36,708	39,953
Accounts receivable, net of allowance for future credit losses of \$525 at June 30, 2024 and 2023	18,675	24,601
Other assets	3,750	3,463
<b>Total current assets</b>	<b>425,615</b>	497,505
Long-term investments	93,163	74,839
Contributions receivable, net	22,595	17,864
Other assets	70	94
Operating lease right-of-use assets, net	11,054	12,451
Property and equipment, net	21,205	23,377
<b>Total assets</b>	<b>\$ 573,702</b>	<b>\$ 626,130</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 27,392	\$ 35,192
Contributions received in advance	1,588	3,899
Other obligations	344	286
Current portion of operating lease liabilities	1,935	2,017
<b>Total current liabilities</b>	<b>31,259</b>	41,394
Operating lease liabilities, less current portion	17,119	19,050
Other obligations	2,279	1,786
<b>Total liabilities</b>	<b>50,657</b>	62,230
Net assets:		
Without donor restrictions:		
Undesignated	258,740	274,359
Board designated:		
Food Security Strategic Priorities Fund	34,528	20,072
Food Security Equity Impact Fund	14,274	4,274
Operating reserves	84,196	67,700
	<b>132,998</b>	92,046
	<b>391,738</b>	366,405
With donor restrictions	131,307	197,495
<b>Total net assets</b>	<b>523,045</b>	563,900
<b>Total liabilities and net assets</b>	<b>\$ 573,702</b>	<b>\$ 626,130</b>

See notes to financial statements.

# Feeding America

## Statements of Activities Years Ended June 30, 2024 and 2023 (In Thousands)

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Public support and revenue:						
Public support:						
Individual contributions	\$ 121,233	\$ 1,223	\$ 122,456	\$ 149,969	\$ 29,852	\$ 179,821
Corporate contributions	66,878	33,414	100,292	74,348	62,775	137,123
Foundation contributions	2,055	391	2,446	785	5,672	6,457
Corporate promotions	32,399	29,835	62,234	36,816	18,192	55,008
<b>Total fundraising</b>	<b>222,565</b>	<b>64,863</b>	<b>287,428</b>	<b>261,918</b>	<b>116,491</b>	<b>378,409</b>
Contributions of nonfinancial assets	4,722,742	-	4,722,742	4,529,597	-	4,529,597
<b>Total public support</b>	<b>4,945,307</b>	<b>64,863</b>	<b>5,010,170</b>	<b>4,791,515</b>	<b>116,491</b>	<b>4,908,006</b>
Revenue:						
Food procurement revenue	222,550	-	222,550	235,106	-	235,106
Member fees	4,040	-	4,040	4,926	-	4,926
Conference fees	999	-	999	1,153	-	1,153
Other revenue	455	-	455	2,135	-	2,135
Investment income	10,407	-	10,407	2,934	-	2,934
Net assets released from restrictions	130,166	(130,166)	-	103,404	(103,404)	-
<b>Total public support and revenue</b>	<b>5,313,924</b>	<b>(65,303)</b>	<b>5,248,621</b>	<b>5,141,173</b>	<b>13,087</b>	<b>5,154,260</b>
Expenses:						
Program services:						
Member services	118,240	-	118,240	133,368	-	133,368
Food procurement	4,908,178	-	4,908,178	4,745,873	-	4,745,873
Public awareness and education	110,637	-	110,637	110,153	-	110,153
Policy and advocacy	17,541	-	17,541	17,632	-	17,632
Programs	41,520	-	41,520	56,813	-	56,813
Research and analysis	26,097	-	26,097	24,624	-	24,624
<b>Total program services</b>	<b>5,222,213</b>	<b>-</b>	<b>5,222,213</b>	<b>5,088,463</b>	<b>-</b>	<b>5,088,463</b>
Supporting services:						
Management and general	20,137	-	20,137	24,416	-	24,416
Fund development	64,299	-	64,299	64,207	-	64,207
<b>Total supporting services</b>	<b>84,436</b>	<b>-</b>	<b>84,436</b>	<b>88,623</b>	<b>-</b>	<b>88,623</b>
<b>Total expenses</b>	<b>5,306,649</b>	<b>-</b>	<b>5,306,649</b>	<b>5,177,086</b>	<b>-</b>	<b>5,177,086</b>
<b>Change in net assets before nonoperating activities</b>	<b>7,275</b>	<b>(65,303)</b>	<b>(58,028)</b>	<b>(35,913)</b>	<b>13,087</b>	<b>(22,826)</b>
Nonoperating activities:						
Wills and bequests	12,473	46	12,519	4,197	530	4,727
Individual contributions	-	91	91	-	228	228
Investment return	5,585	215	5,800	3,459	148	3,607
Other	-	(1,237)	(1,237)	-	(197)	(197)
	18,058	(885)	17,173	7,656	709	8,365
<b>Change in in net assets</b>	<b>25,333</b>	<b>(66,188)</b>	<b>(40,855)</b>	<b>(28,257)</b>	<b>13,796</b>	<b>(14,461)</b>
Net assets—beginning of year	366,405	197,495	563,900	394,662	183,699	578,361
Net assets—end of year	\$ 391,738	\$ 131,307	\$ 523,045	\$ 366,405	\$ 197,495	\$ 563,900

See notes to financial statements.

## Feeding America

### Statement of Functional Expenses Year Ended June 30, 2024 (In Thousands)

	Program Services							Supporting Services					Total
	Member 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											
Salaries	\$ 8,886	\$ 8,786	\$ 17,672	\$ 4,100	\$ 3,108	\$ 4,601	\$ 3,079	\$ 32,560	\$ 9,946	\$ 13,075	\$ 23,021	\$ 55,581	
Benefits and taxes	1,907	2,139	4,046	864	733	1,079	674	7,396	1,799	3,016	4,815	12,211	
<b>Total salaries and related expenses</b>	<b>10,793</b>	<b>10,925</b>	<b>21,718</b>	<b>4,964</b>	<b>3,841</b>	<b>5,680</b>	<b>3,753</b>	<b>39,956</b>	<b>11,745</b>	<b>16,091</b>	<b>27,836</b>	<b>67,792</b>	
Professional services and fees	2,911	1,796	4,707	2,323	3,953	1,174	5,692	17,849	3,783	13,441	17,224	35,073	
Telecommunications	32	31	63	14	11	15	12	115	33	46	79	194	
Advertising	-	-	-	2,560	-	1,057	-	3,617	2	13,222	13,224	16,841	
Postage and shipping	12	4	16	3	2	4	3	28	10	9,318	9,328	9,356	
Disaster purchases and transportation	355	1,320	1,675	-	-	-	-	1,675	-	-	-	1,675	
Food sourcing and transportation	16	221,399	221,415	-	-	-	-	221,415	-	-	-	221,415	
Occupancy	306	369	675	286	313	327	360	1,961	1,123	701	1,824	3,785	
Insurance	39	32	71	20	20	24	23	158	78	55	133	291	
Equipment and maintenance	9	7	16	4	4	4	4	32	11	11	22	54	
Printing and production	223	8	231	2,307	2	13	2	2,555	5	8,702	8,707	11,262	
Travel and business meetings	2,305	644	2,949	282	434	630	183	4,478	803	327	1,130	5,608	
Software expense	638	827	1,465	327	203	166	339	2,500	743	853	1,596	4,096	
Member grants	98,733	43,216	141,949	276	8,433	32,109	12,454	195,221	-	-	-	195,221	
Other	191	136	327	172	122	74	152	847	553	79	632	1,479	
Depreciation	1,650	2,310	3,960	230	203	243	3,117	7,753	576	1,436	2,012	9,765	
<b>Total expenses before donated goods and services</b>	<b>118,213</b>	<b>283,024</b>	<b>401,237</b>	<b>13,768</b>	<b>17,541</b>	<b>41,520</b>	<b>26,094</b>	<b>500,160</b>	<b>19,465</b>	<b>64,282</b>	<b>83,747</b>	<b>583,907</b>	
Contributions of nonfinancial assets	27	4,625,154	4,625,181	96,869	-	-	3	4,722,053	672	17	689	4,722,742	
<b>Total</b>	<b>\$ 118,240</b>	<b>\$ 4,908,178</b>	<b>\$ 5,026,418</b>	<b>\$ 110,637</b>	<b>\$ 17,541</b>	<b>\$ 41,520</b>	<b>\$ 26,097</b>	<b>\$ 5,222,213</b>	<b>\$ 20,137</b>	<b>\$ 64,299</b>	<b>\$ 84,436</b>	<b>\$ 5,306,649</b>	
Percent of total expenses	2.23%	92.49%	94.72%	2.08%	0.33%	0.78%	0.49%	98.41%	0.38%	1.21%	1.59%	100.00%	

See notes to financial statements.

## Feeding America

### Statement of Functional Expenses Year Ended June 30, 2023 (In Thousands)

	Program Services								Supporting Services				Total
	Member 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											
Salaries	\$ 8,877	\$ 7,322	\$ 16,199	\$ 2,659	\$ 2,305	\$ 3,511	\$ 3,183	\$ 27,857	\$ 9,009	\$ 12,139	\$ 21,148	\$ 49,005	
Benefits and taxes	1,914	1,731	3,645	590	537	813	728	6,313	1,644	2,748	4,392	10,705	
<b>Total salaries and related expenses</b>	<b>10,791</b>	<b>9,053</b>	<b>19,844</b>	<b>3,249</b>	<b>2,842</b>	<b>4,324</b>	<b>3,911</b>	<b>34,170</b>	<b>10,653</b>	<b>14,887</b>	<b>25,540</b>	<b>59,710</b>	
Professional services and fees	4,095	2,071	6,166	1,614	4,181	3,501	5,699	21,161	4,740	14,145	18,885	40,046	
Telecommunications	38	32	70	10	10	14	12	116	29	47	76	192	
Advertising	-	-	-	2,573	-	2,368	-	4,941	-	11,372	11,372	16,313	
Postage and shipping	9	19	28	2	2	6	7	45	12	9,159	9,171	9,216	
Disaster purchases and transportation	(69)	2,287	2,218	-	-	-	-	2,218	-	-	-	2,218	
Food sourcing and transportation	51	237,309	237,360	-	-	(4)	-	237,356	(93)	-	(93)	237,263	
Occupancy	367	314	681	238	324	323	324	1,890	1,048	757	1,805	3,695	
Insurance	35	26	61	16	20	21	22	140	68	56	124	264	
Equipment and maintenance	7	1	8	1	1	1	1	12	3	2	5	17	
Printing and production	639	5	644	2,587	4	21	4	3,260	8	11,016	11,024	14,284	
Travel and business meetings	2,221	586	2,807	84	265	564	210	3,930	742	371	1,113	5,043	
Software expense	950	647	1,597	177	138	163	233	2,308	777	1,174	1,951	4,259	
Member grants	111,073	66,494	177,567	-	9,541	45,141	12,658	244,907	57	-	57	244,964	
Other	332	68	400	92	101	124	129	846	832	181	1,013	1,859	
Depreciation	2,670	1,775	4,445	174	197	232	1,405	6,453	681	1,012	1,693	8,146	
<b>Total expenses before donated goods and services</b>	<b>133,209</b>	<b>320,687</b>	<b>453,896</b>	<b>10,817</b>	<b>17,626</b>	<b>56,799</b>	<b>24,615</b>	<b>563,753</b>	<b>19,557</b>	<b>64,179</b>	<b>83,736</b>	<b>647,489</b>	
Contributions of nonfinancial assets	159	4,425,186	4,425,345	99,336	6	14	9	4,524,710	4,859	28	4,887	4,529,597	
<b>Total</b>	<b>\$ 133,368</b>	<b>\$ 4,745,873</b>	<b>\$ 4,879,241</b>	<b>\$ 110,153</b>	<b>\$ 17,632</b>	<b>\$ 56,813</b>	<b>\$ 24,624</b>	<b>\$ 5,088,463</b>	<b>\$ 24,416</b>	<b>\$ 64,207</b>	<b>\$ 88,623</b>	<b>\$ 5,177,086</b>	
Percent of total expenses	2.58%	91.67%	94.25%	2.13%	0.34%	1.10%	0.48%	98.29%	0.47%	1.24%	1.71%	100.00%	

See notes to financial statements.



## Feeding America

### Statements of Cash Flows Years Ended June 30, 2024 and 2023 (In Thousands)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (40,855)	\$ (14,461)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	9,765	8,146
Provision on uncollectible contributions receivable	46	(205)
Net realized and unrealized gains on investments	(2,914)	(1,687)
Contributions received for long-term investment	(12,473)	(4,197)
Reduction in carrying amount of operating lease right-of-use assets	1,397	1,585
Cash paid for operating leases	(2,013)	(2,390)
Changes in operating assets and liabilities:		
Contributions receivable	(1,532)	(3,008)
Accounts receivable and other assets	5,663	(10,745)
Accounts payable and accrued expenses	(7,800)	(13,543)
Contributions received in advance	(2,311)	(2,684)
Other obligations	551	348
<b>Net cash used in operating activities</b>	<b>(52,476)</b>	<b>(42,841)</b>
Cash flows from investing activities:		
Purchase of investments	(15,856)	(12,087)
Sale or maturity of investments	203	169
Acquisition of property and equipment	(7,593)	(8,356)
<b>Net cash used in investing activities</b>	<b>(23,246)</b>	<b>(20,274)</b>
Cash flows from financing activities:		
Contributions received for long-term investment	12,473	4,197
<b>Net cash provided by financing activities</b>	<b>12,473</b>	<b>4,197</b>
<b>Net decrease in cash</b>	<b>(63,249)</b>	<b>(58,918)</b>
Cash:		
Beginning of year	425,662	484,580
End of year	<b>\$ 362,413</b>	<b>\$ 425,662</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 served. The network to fulfil this 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 works with farmers, manufacturers, retailers and government agencies to save unwanted food from landfills and move donated grocery items to where it is needed most. Member food banks collect, sort and distribute these donations to local food pantries and meal programs. Food pantries and meal programs in the network then distribute the food directly to people in their communities.

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.

#### 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.

**Basis of presentation:** The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its guidance related to financial statements for nonprofit organizations, under which Feeding America is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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, contributions with restrictions perpetual in nature, investment returns from funds designated by our Board and other miscellaneous items.

**Net assets without donor restrictions:** Net assets without donor restrictions are available for support of Feeding America's operations, and are not subject to donor-imposed restrictions. 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.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

Feeding America has three board-designated funds, one of which is a long-term operating reserve. Two other funds for sustained response to hunger relief are focused on key food security strategic priorities and equity in order to drive investments to communities disproportionately impacted by food insecurity. Use of these strategic funds may include research, pilot programs, network and third-party grants, member capacity expansion and technology and infrastructure investments. The Feeding America Board of Directors approval is required for any requested use of the strategic priorities or equity impact funds, and the minimum balance is established in accordance with the funds' respective policies. Board designated funds are classified as without donor restrictions. Board designated funds totaled \$132,998 and \$92,046 at June 30, 2024 and 2023, respectively.

**Net assets with 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, 2024, includes \$48,802 of the two board designated funds for sustained response to hunger relief (2023—\$24,346).

**Investments and related investment income and return:** Investments in equity and debt securities are reported at fair value. All investment related income, expense, gains and losses are included in the statements 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 invests in various investment securities, including money market funds, U.S. government and agency securities and mutual funds, corporate bonds, fixed-income mutual funds, domestic equity mutual 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 FASB Accounting Standards Codification (ASC) 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 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 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

Feeding America applies the measurement provisions of ASC 820 to certain 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 as a practical expedient. 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, 2024 and 2023, 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 8.50% were used in 2024 and 2023, respectively. Discount amortization is recognized in contribution revenue. Contributions receivable are also reflected, net of an allowance for uncollectible amounts, based on management's judgment, past payment experience, and other relevant factors. Promises to give are written off when deemed uncollectible.

**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. Feeding America records accounts receivable when it has the unconditional right to issue an invoice and receive payment. Opening balances at July 1, 2022, totaled \$14,280. Feeding America offsets gross accounts receivable with an allowance for future credit losses. The allowance for future credit losses represents Feeding America's best estimate of the amount of probable credit losses in Feeding America's existing accounts receivable, and is based upon historical loss patterns and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for future credit losses are recorded in management and general expense.

Estimating credit losses based on risk characteristics requires significant judgment by Feeding America. Significant judgments include, but are not limited to, assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of Feeding America's accounts receivable, the estimated life of accounts receivable and the level of reliance on historical experience in light of economic conditions. Feeding America reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating future credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its accounts receivable. At both June 30, 2024 and 2023, the allowance for future credit losses was \$525. There were no write-offs of these receivables in either fiscal year 2024 or 2023.

**Property and equipment:** Property and equipment is 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.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

**Contributions received in advance:** Feeding America frequently receives cash contributions from corporate and other donors in advance of donor terms and/or conditions being fully 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 nonoperating revenue. Gift annuities, included in other current and long-term obligations, were \$2,622 and \$2,072 at June 30, 2024 and 2023, respectively.

**Leases:** Feeding America follows the lease accounting guidance in FASB ASC 842. Feeding America determines if an arrangement is a lease at inception of the contract. A lease is considered a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Feeding America's contracts determined to be or contain a lease include explicitly or implicitly identified assets where Feeding America has the right to obtain substantially all of the economic benefits of the assets, and has the ability to direct how and for what purpose the assets are used during the lease term.

Leases are classified as either operating or finance. Feeding America currently has only operating leases. For operating leases, Feeding America recognizes a lease liability equal to the present value of the remaining lease payments, and a right-of-use (ROU) asset equal to the lease liability, subject to certain adjustments, such as for prepaid rents and other lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that Feeding America will exercise such option. When the rate implicit in the lease is not readily determinable, Feeding America has made a policy election to use a risk-free rate, based on the United States Treasury rates, to determine the present value of the lease payments for all classes of assets.

Feeding America defines a short-term lease as any lease arrangement with an original lease term of 12 months or less that does not include an option to purchase the underlying asset. Feeding America has made a policy election to not recognize ROU assets and lease liabilities for short-term leases. As a result, short-term lease payments are recognized as expense on a straight-line basis over the lease term, and variable lease payments are recognized in the period in which the obligation is incurred.

For lease arrangements with lease and nonlease components, Feeding America has made a policy election to account for lease and nonlease components, as a single lease component, for all classes of assets.

Certain of Feeding America's leases also include variable lease costs. These variable payments typically represent additional services transferred to Feeding America, such as overage charges for related services, and these are recorded as an expense in the period incurred. Feeding America's lease agreements do not contain any residual value guarantees or restrictive covenants.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

**Contributions of nonfinancial assets:** 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 did not receive any conditional contributions in fiscal years 2024 or 2023.

**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.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

**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 when the conference occurs. Registration is open to potential attendees in advance of the conference. Conference fees received in advance of the related event are deferred until earned.

**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 740, Accounting for Uncertainty in Income Taxes. ASC 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 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, 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

**Advertising:** Advertising expenses are generally expensed in the year the costs are incurred. Advertising costs totaled \$16,841 and \$16,313 for fiscal years 2024 and 2023, respectively.

**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 these funds. During fiscal years 2024 and 2023, Feeding America received \$281 and \$110, respectively, in agency funds.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

**Adopted accounting pronouncement:** The FASB issued Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the previous incurred loss impairment methodology for financial assets reported at amortized cost, such as trade receivables, with a methodology that reflects expected credit loss estimates and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this update are effective for Feeding America's fiscal year 2024. Feeding America determined that the adoption of this amendment did not have a significant impact on the financial statements.

**Subsequent events:** Feeding America has evaluated other subsequent events through December 18, 2024, the date on which the financial statements were available to be issued.

#### Note 3. Liquidity and Availability

The following reflects Feeding America's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use within one year of the statements of financial position date due to 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.

	2024	2023
Financial assets at year-end:		
Total current assets	\$ 425,615	\$ 497,505
Long-term investments	93,163	74,839
Long-term contributions receivable, net	22,595	17,864
Total financial assets	<u>541,373</u>	<u>590,208</u>
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Other assets	(3,750)	(3,463)
Restrictions by donor with time or purpose restrictions	(128,172)	(194,578)
Donor-restricted endowments	(3,135)	(2,917)
Investments held in annuity trust	(5,211)	(3,650)
Board designations:		
Board-designated operating reserve for long-term investing	(84,196)	(67,700)
Financial assets not available to be used within one year	<u>(224,464)</u>	<u>(272,308)</u>
Financial assets available to meet general expenditures within one year	<u>316,909</u>	<u>317,900</u>
Additional resources to meet reserve requirements and liquidity needs:		
Board-designated operating reserve for long-term investing	84,196	67,700
Line of credit	10,000	10,000
Financial assets available to meet reserve and liquidity needs	<u>\$ 411,105</u>	<u>\$ 395,600</u>



## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 3. Liquidity and Availability (Continued)

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 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 long-term investments. General operating expenses average approximately \$12,700 per month, exclusive of donated goods or services, food procurement related expenses, member grants and depreciation (2023—\$13,300). As of June 30, 2024 and 2023, Feeding America has an additional \$84,196 and \$67,700, 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 Feeding America's donors and member network.

#### Note 4. Contributions Receivable

Short- and long-term contributions receivable at June 30, 2024 and 2023, were as follows:

	2024	2023
Gross contributions receivable:		
Within one year	\$ 37,649	\$ 40,978
Between one and five years	25,319	20,164
	<u>62,968</u>	<u>61,142</u>
Present value discount	(2,091)	(1,796)
Allowance for uncollectible	(1,574)	(1,529)
Contributions receivable, net	<u>\$ 59,303</u>	<u>\$ 57,817</u>

#### Note 5. Property and Equipment

Property and equipment at June 30, 2024 and 2023, was as follows:

	2024	2023
Software	\$ 39,596	\$ 32,426
Leasehold improvements	11,058	11,059
Furniture and fixtures	149	149
Computer and office equipment	135	86
Construction in progress	675	300
	<u>51,613</u>	<u>44,020</u>
Accumulated depreciation	(30,408)	(20,643)
	<u>\$ 21,205</u>	<u>\$ 23,377</u>

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 6. Contributions of Nonfinancial Assets

Donated food and other goods and services for the fiscal years ended June 30, 2024 and 2023, included in the financial statements, were as follows:

	2024	2023
Food	\$ 4,624,012	\$ 4,424,320
Media	96,866	99,331
Supplies (software and personal protection equipment)	-	1,863
Legal services	590	502
Transportation	1,130	837
Hotels and airline miles	84	119
Consulting services	60	2,625
	<u>\$ 4,722,742</u>	<u>\$ 4,529,597</u>

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

**Donated goods:** During fiscal years 2024 and 2023, Feeding America donated 2.347 million pounds and 2.292 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 \$1.97 and \$1.93 for fiscal years 2024 and 2023, respectively. These values were determined based upon the pounds received as of calendar years 2023 and 2022, 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 1,840 million pounds and 1,699 million pounds for fiscal years 2024 and 2023, 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 (507 million pounds and 593 million pounds for fiscal years 2024 and 2023, 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, as 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. Contributions of Nonfinancial Assets (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 2024, based on information provided by third parties and independent outside agencies, is \$96,866 (2023—\$99,331). 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 fiscal years 2024 and 2023, were as follows:

	2024	2023
Member services	\$ 98,783	\$ 111,074
Food sourcing and procurement	43,216	66,496
Programs	32,109	45,142
Policy and advocacy	8,433	9,542
Other	12,680	12,710
	<u>\$ 195,221</u>	<u>\$ 244,964</u>

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 functional expenses as primarily member services and food procurement expenses. These grants are considered to be unconditional. As of June 30, 2024 and 2023, Feeding America accrued expenses of \$5,765 and \$13,675, respectively, for grants that have been awarded but not yet distributed as of the respective fiscal year-end. These amounts are payable within one year and are included in accounts payable and accrued expenses.

## Feeding America

### Notes to Financial Statements (In Thousands)

#### Note 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 (see Note 13).

The cost and fair value of short and long-term investments at June 30, 2024 and 2023, were as follows:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 12,582	\$ 12,597	\$ 13,666	\$ 13,666
Government and agency securities and mutual funds	3,532	3,351	2,531	2,035
Corporate bonds and fixed-income mutual funds	51,033	47,464	40,144	35,864
Domestic equity mutual funds	17,627	20,289	14,410	15,931
International equity mutual funds	10,955	11,392	9,249	9,180
Hedge fund of funds	1,528	2,139	1,492	1,989
	<u>\$ 97,257</u>	<u>\$ 97,232</u>	<u>\$ 81,492</u>	<u>\$ 78,665</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, 2024. 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.

On June 30, 2024, Feeding America transferred \$12,779 of cash into the long-term investment portfolio.

Investment returns for fiscal years 2024 and 2023, are as follows:

	2024	2023
Income from investments:		
Interest and dividends, net of fees	\$ 13,293	\$ 4,854
Gains on investments:		
Net realized and unrealized gains on investments	2,914	1,687
Total return on investments	<u>\$ 16,207</u>	<u>\$ 6,541</u>

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 8. Investments (Continued)

Investment returns reflected in the statements of activities for fiscal years 2024 and 2023, are as follows:

	2024	2023
Operating activities:		
Interest and dividend income without donor restrictions	\$ 10,407	\$ 2,934
Nonoperating activities:		
Investment return without donor restrictions	5,585	3,459
Investment return with donor restrictions	215	148
Total return on investments	<u>\$ 16,207</u>	<u>\$ 6,541</u>

Short-term investments at June 30, 2024 and 2023, include \$431 and \$749, respectively, in member compliance and disaster reserves. Investment fees, included as a reduction of interest and dividends above, were \$203 and \$169 for fiscal years 2024 and 2023, 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.

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

**Fair value hierarchy:** Feeding America follows the guidance of ASC 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 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 money market funds, government and agency securities and mutual funds, domestic and international equity mutual funds and corporate bonds and fixed-income mutual funds.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

**Level 2:** Inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. There were no Level 2 investments at June 30, 2024 or 2023.

**Level 3:** Inputs are unobservable inputs for the asset or liability. There were no Level 3 investments at June 30, 2024 or 2023.

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, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 12,597	\$ -	\$ -	\$ 12,597
Government and agency securities and mutual funds	3,351	-	-	3,351
Corporate bonds and fixed-income mutual funds	47,464	-	-	47,464
Domestic equity mutual funds	20,289	-	-	20,289
International equity mutual funds	11,392	-	-	11,392
	<u>\$ 95,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>95,093</u>
Hedge fund of funds				2,139
Total investments				<u>\$ 97,232</u>
	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 13,666	\$ -	\$ -	\$ 13,666
Government and agency securities and mutual funds	2,035	-	-	2,035
Corporate bonds and fixed-income mutual funds	35,864	-	-	35,864
Domestic equity mutual funds	15,931	-	-	15,931
International equity mutual funds	9,180	-	-	9,180
	<u>\$ 76,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>76,676</u>
Hedge fund of funds				1,989
Total investments				<u>\$ 78,665</u>

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.

## Feeding America

### Notes to Financial Statements (In Thousands)

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

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, 2024 and 2023.

#### Note 10. Leases

Feeding America enters into contracts to lease real estate and various equipment. Feeding America's most significant leases include office leases for space in Chicago (headquarters) and space in Washington, D.C., with initial lease terms expiring during 2035 and 2028, respectively. Certain leases include renewal or termination options. Under FASB ASC 842, the lease term at the lease commencement date is determined based on the noncancelable period for which Feeding America has the right to use the underlying asset, together with any periods covered by an option to extend the lease if Feeding America is reasonably certain to exercise that option, periods covered by an option to terminate the lease if Feeding America is reasonably certain not to exercise that option, and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. Feeding America considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to overall operations, costs to negotiate a new lease and any contractual or economic penalties.

FASB ASC 842 includes a number of reassessment and re-measurement requirements for lessees based on certain triggering events or conditions, including whether a contract is or contains a lease, assessment of lease term and purchase options, measurement of lease payments, assessment of lease classification and assessment of the applicable discount rate. Feeding America reviewed the reassessment and re-measurement requirements and did not identify any events or conditions during fiscal years 2024 or 2023, that required a reassessment or remeasurement. In addition, there were no impairment indicators identified during fiscal years 2024 or 2023 that required an impairment test for Feeding America's ROU assets or other long-lived assets in accordance with ASC 360-10.

These real estate leases contain annual escalation clauses, periods of rent abatements and tenant construction allowances. 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 within the new operating lease, ROU asset.

The components of lease expense and supplemental cash flow information related to leases for fiscal years 2024 and 2023, are as follows:

	2024	2023
Operating lease costs	\$ 1,764	\$ 1,700
Variable lease costs	1,788	2,046
	<u>\$ 3,552</u>	<u>\$ 3,746</u>

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 10. Leases (Continued)

Other lease-related information as of and for the fiscal years ended June 30, 2024 and 2023, is as follows:

	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows from operating leases	\$ 2,013	\$ 2,390
Weighted-average remaining lease term on operating leases	9.8 years	10.5 years
Weighted-average discount rate for operating leases	2.88%	2.91%

As of June 30, 2024, maturities of Feeding America's lease liabilities are as follows:

Years ending June 30:		
2025		\$ 2,582
2026		2,493
2027		2,555
2028		2,530
2029		1,594
Thereafter		10,210
Total lease payments		21,964
Less present value discount		(2,910)
Total lease obligations		<u>\$ 19,054</u>

Feeding America currently leases space in Washington, D.C., with an initial lease term expiring on November 30, 2028. On August 29, 2024, Feeding America gave notification of intent to terminate this lease; as allowed in the lease agreement and paid an early termination fee. Management of Feeding America is currently in negotiations and exploring other options for space in Washington, D.C., with the intent to lower lease costs to current market rates and reduce the footprint to account for lower space utilization. Feeding America will occupy the current space through November 30, 2025.

#### Note 11. Commitments and Contingencies

**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 2024 or 2023, as well as no amounts outstanding under the line of credit at June 30, 2024 and 2023. The expiration date on the line of credit is November 28, 2024, and management intends to seek renewal 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, 2024. 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 12. Net Assets

Net assets with donor restrictions consist of the following at June 30, 2024 and 2023:

	2024	2023
Net assets restricted for time or purpose:		
Member services	\$ 64,047	\$ 79,389
Food sourcing and procurement	21,291	41,557
Research and analysis	7,956	30,524
Programs	32,641	39,493
Management and general	2,932	229
Policy and advocacy	-	3,953
	<u>128,867</u>	<u>195,145</u>
Net assets related to endowment funds in perpetuity:		
General endowment	2,440	2,350
Total net assets with donor restrictions	<u>\$ 131,307</u>	<u>\$ 197,495</u>

#### Note 13. Endowments

Feeding America follows the guidance of ASC 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 a quasi-endowment. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as a quasi-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, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, original funds and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,440	\$ 2,440
Donor-restricted endowment funds, accumulated investment gains	-	695	695
Board-designated reserve funds	84,196	-	84,196
Total endowment funds	<u>\$ 84,196</u>	<u>\$ 3,135</u>	<u>\$ 87,331</u>

## Feeding America

### Notes to Financial Statements (In Thousands)

#### Note 13. Endowments (Continued)

Endowment net assets consist of the following at June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, original funds and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,350	\$ 2,350
Donor-restricted endowment funds, accumulated investment gains	-	567	567
Board-designated reserve funds	67,700	-	67,700
Total endowment funds	<u>\$ 67,700</u>	<u>\$ 2,917</u>	<u>\$ 70,617</u>

Changes in endowment net assets for fiscal year 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ 67,700	\$ 2,917	\$ 70,617
Additions	-	91	91
Internal transfers	11,600	-	11,600
Investment gains	4,896	214	5,110
Appropriated expenditures of endowment assets	-	(87)	(87)
Endowment net assets, June 30, 2024	<u>\$ 84,196</u>	<u>\$ 3,135</u>	<u>\$ 87,331</u>

Changes in endowment net assets for fiscal year 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	\$ 55,517	\$ 2,620	\$ 58,137
Additions	-	228	228
Internal transfers	9,170	-	9,170
Investment gains	3,013	150	3,163
Appropriated expenditures of endowment assets	-	(81)	(81)
Endowment net assets, June 30, 2023	<u>\$ 67,700</u>	<u>\$ 2,917</u>	<u>\$ 70,617</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, 2024 and 2023.

## Feeding America

### Notes to Financial Statements (In Thousands)

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#### Note 13. 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 2024 and 2023, Feeding America has declined to spend any of the Board Designated endowed funds.

#### Note 14. Related-Party Transactions

For fiscal years 2024 and 2023, Feeding America recorded contributions of \$30,147 and \$17,491, respectively, in cash and promises to give and \$1,491,317 and \$1,379,211, respectively, in goods and services from companies that have representatives who are members of Feeding America's Board of Directors. Feeding America also had \$11,418 and \$2,254 of related contributions receivable at June 30, 2024 and 2023, respectively. 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.

#### Note 15. 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 fiscal years 2024 and 2023, were \$3,099 and \$2,659, respectively.