

**FEEDING ILLINOIS**  
**FINANCIAL STATEMENTS**  
**For the Year Ended**  
**June 30, 2020**

**FEEDING ILLINOIS**  
**Annual Financial Report**

Table of Contents

Independent Auditor's Report .....	1 - 2
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities .....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7 - 11
Supplementary Information	
Consolidated Year-End Financial Report	



# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

To the Board of Directors  
Feeding Illinois  
Geneva, IL

We have audited the accompanying financial statements of Feeding Illinois (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feeding Illinois as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidated Year-End Financial Report on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Desmond & Ahern, Ltd*

October 13, 2020  
Chicago, IL

**FEEDING ILLINOIS**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2020**

**Assets**

Cash and cash equivalents	\$ 254,012
Illinois Department of Human Services receivable	26,029
<b>Total Current Assets</b>	<b>\$ 280,041</b>

**Liabilities and Net Assets**

Current Liabilities	
Accounts payable	\$ 69,843
Accrued payroll expenses	3,954
Payroll protection program loan	18,957
Total current liabilities	92,754
Net Assets - without donor restrictions	187,287
<b>Total Liabilities and Net Assets</b>	<b>\$ 280,041</b>

See independent accountant's review report and accompanying notes to the financial statements.

**FEEDING ILLINOIS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020**

**Public Support and Revenue**

Illinois Department of Human Services	\$ 184,711
Other government contributions	265,000
Contributions	263,456
Membership dues	60,000
Other income	685
	<hr/>
Total Public Support and Revenue	773,852
	<hr/>

**Expenses**

Program services	652,626
Management and general	79,927
Fundraising	10,999
	<hr/>
Total Expenses	743,552
	<hr/>

<b>Change in Net Assets</b>	30,300
<b>Net Assets, Beginning of Year</b>	156,987
	<hr/>
<b>Net Assets, End of Year</b>	\$ 187,287
	<hr/> <hr/>

See independent accountant's review report and accompanying notes to the financial statements.

**FEEDING ILLINOIS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b><u>Functional Expenses</u></b>				
Provided to sub-recipients -				
SNAP outreach	\$ 161,569	\$ -	\$ -	\$ 161,569
Disaster relief	458,329	-	-	458,329
Salaries and related taxes	28,125	66,581	10,523	105,229
Professional fees	96	9,628	-	9,724
Meetings and travel	3,454	944	14	4,412
Insurance	399	1,401	-	1,800
Telephone	396	924	-	1,320
Supplies	258	426	406	1,090
Miscellaneous	-	23	56	79
<b>Total Expenses</b>	<b><u>\$ 652,626</u></b>	<b><u>\$ 79,927</u></b>	<b><u>\$ 10,999</u></b>	<b><u>\$ 743,552</u></b>

See independent accountant's review report and accompanying notes to the financial statements.

**FEEDING ILLINOIS**  
**STATEMENT OF CASH FLOW**  
**For the Years Ended June 30, 2020**

**Cash Flows from Operating Activities**

Increase in net assets	\$ 30,300
Changes in assets -	
Increase in receivables	(9,043)
Changes in liabilities -	
Increase in accounts payable	41,133
Decrease in accrued payroll expenses	(4,585)
	<hr/>
Net cash provided by operating activities	<u>57,805</u>

**Cash Flows from Financing Activities**

Payroll protection loan proceeds	<hr/> 18,957
Net cash provided by financing activities	<hr/> <u>18,957</u>

<b>Net increase in cash and equivalents</b>	76,762
<b>Cash and equivalents, beginning of year</b>	<hr/> 177,250
<b>Cash and equivalents, end of year</b>	<hr/> <u>\$ 254,012</u>

See independent accountant's review report and accompanying notes to the financial statements.

**FEEDING ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies**

Organization and Description of Program Services

Feeding Illinois (formerly Illinois Food Bank Association) was incorporated in 2001 under the Illinois general Not for Profit Corporation Act as a not-for-profit organization. Feeding Illinois is a coalition of eight Feeding America food banks that provide food to nearly 1,900 food pantries, soup kitchens, and shelters that feed nearly 1.8 million residents across the entire state of Illinois. Feeding Illinois is committed to educating people about the role of food banks in addressing hunger and raising awareness of the need to devote more resources and attention to hunger issues.

Income Tax Status

Feeding Illinois was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization continues to operate in compliance with its tax-exempt purpose.

The Organization's annual information and income tax returns filed with the federal and state governments are subject to examination by the IRS, generally for three years after they have been filed.

The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of June 30, 2020.

Basis of Accounting

The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant accounts receivable, payable, and other liabilities in accordance with U.S. Generally Accepted Accounting Principles.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as required by Generally Accepted Accounting Principles. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Items that affect this net asset category principally consist of gifts without restrictions, including those designated by the Board, fees for service and related expenses associated with the core activities of the Organization.

**FEEDING ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met, endowment gifts, pledges, and investment returns on endowment funds.

Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations.

As of June 30, 2020, there were no net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts. At times, balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments, if any, purchased with an original maturity of one year or less to be cash equivalents. No cash was paid for interest or taxes during the year ended June 30, 2020.

Accounts Receivable

Accounts receivable are related to grants from government funding, and client rental assistance. Management has determined that an allowance for uncollectible accounts was not deemed necessary for the year ended June 30, 2020.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

**FEEDING ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

The Organization recognizes contributions when cash, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend on have been met.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. No such donations were received during the year ended June 30, 2020.

**Government Funding**

Support funded by government grants, which qualify as conditional promises to give, are recognized when the condition of performing the contracted service has been performed. Revenue is therefore recognized as earned as eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting Organization and, as a result of such audit, adjustments could be required. Management does not anticipate any adjustments for the revenue shown at June 30, 2020 from these sources.

**Donated Services**

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ending June 30, 2020, the Organization did not receive any such qualifying donated services.

**In-Kind Contributions**

In addition to receiving cash contributions, the Organization may receive in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind contributions as an expense in its financial statements, and similarly increase donations by a like amount. For the year ended June 30, 2020, the Organization did not receive any donated materials.

**FEEDING ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Concentration of Risk

Grants from the Illinois Department of Human Services (IDHS) and dues from member food banks represent, for the year ended June 30, 2020, 32% of revenue. These sources of revenue are contingent upon continued funding approval and may cause disruption in program activities and services if not renewed.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to the specific program or supporting service. Expenses related to more than one function are allocated to program expenses and supporting services on the basis of periodic time and expense reviews made by management.

Subsequent Events

For the year ended June 30, 2020, the Organization's management has evaluated subsequent events through October 13, 2020, which is the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact contribution revenue. Other financial impact could occur though such potential impact is unknown at this time.

Accounting Standards Updates

During 2019, the Organization adopted Accounting Standards Update (“ASU”) No. 2014-09 – *Revenue from Contracts with Customers, collectively “ASC 606”* which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The majority of the Organization’s revenue comes from contributions, special events and investments which does not fall within the scope of ASC 606.

The Organization also adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. This standard improves the usefulness and understandability of the Organization’s financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**FEEDING ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 2 – Financial Assets and Liquidity Resources**

As of June 30, 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and current debt obligations, were as follows:

Financial assets and liquidity resources at June 30, 2020	
Cash and cash equivalents	\$ 254,012
Contributions receivable	26,029
Total financial assets and liquidity resources	<u>280,041</u>
 Total financial assets available within one year	 <u><u>\$ 280,041</u></u>

The Organization manages its liquidity and reserves following three guiding principles: 1) operating within a prudent range of financial soundness and stability; 2) maintaining adequate liquid assets to fund near-term operating needs; and 3) maintaining sufficient reserves to provide reasonable assurance that programming is continued, and obligations will be adequately discharged in the future.

The Organization considers contributions with donor restrictions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general operating purposes. The level of liquidity and reserves was managed within the policy requirements during the year ended June 30, 2020.

**Note 3 – Related Parties**

Feeding Illinois is comprised of eight-member food banks, each of which is represented by a member serving on the Board of Directors. During the year ended June 30, 2020, these member food banks received approximately \$620,000 from Feeding Illinois.

## **Supplementary Information**

**Illinois Grant Accountability and Transparency  
Consolidated Year-End Financial Report**

<b>Grantee Name</b>	Feeding Illinois
<b>ID Numbers</b>	AUDIT:23049    Grantee:675265    DUNS:024235691    FEIN:371415188
<b>Audit Period</b>	7/1/2019 - 6/30/2020
<b>Submitted</b>	10/01/2020; Stephen Ericson; Executive Director; steve.ericson@feedingillinois.org; 630-768-8068
<b>Accepted</b>	
<b>Program Count</b>	1

<b>All Programs Total</b>				
<b>Category</b>	<b>State</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
Personal Services (Salaries and Wages)	0.00	13,922.57	82,292.12	96,214.69
Fringe Benefits	0.00	2,453.43	7,665.09	10,118.52
Travel	0.00	325.00	3,910.05	4,235.05
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	44.00	313.85	357.85
Contractual Services	0.00	165,889.00	165,889.00	331,778.00
Consultant (Professional Services)	0.00	0.00	7,979.07	7,979.07
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	0.00	0.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	232.00	1,328.00	1,560.00
Training and Education	0.00	0.00	586.21	586.21
Direct Administrative Costs	0.00	1,845.00	11,018.00	12,863.00
Miscellaneous Costs	0.00	0.00	277,859.77	277,859.77
All Grant Specific Categories	0.00	0.00	0.00	0.00
<b>TOTAL DIRECT EXPENDITURES</b>	<b>0.00</b>	<b>184,711.00</b>	<b>558,841.16</b>	<b>743,552.16</b>
Indirect Costs	0.00	0.00	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>0.00</b>	<b>184,711.00</b>	<b>558,841.16</b>	<b>743,552.16</b>