
Northern Illinois Food Bank

**Financial Report
June 30, 2024**

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Independent Auditor's Report

To the Board of Directors
Northern Illinois Food Bank

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Northern Illinois Food Bank (the "Food Bank"), which comprise the statement of financial position as of June 30, 2024 and 2023 and the related statements of activities and changes in net assets, 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 the Food Bank as of June 30, 2024 and 2023 and the changes in its net assets, functional expenses, and 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Food Bank and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audits 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 the Food Bank'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 Audits 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 audits conducted in accordance with GAAS and *Government Auditing Standards* 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.

To the Board of Directors
Northern Illinois Food Bank

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Food Bank'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 the Food Bank'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024 on our consideration of the Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank's internal control over financial reporting and compliance.



November 11, 2024

Statement of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 7,433,653	\$ 9,505,012
Investments (Note 5)	32,368,880	28,533,338
Receivables:		
Grants receivable	2,845,534	2,438,777
Accounts receivable	214,319	282,329
Contributions receivable - Net (Note 4)	2,088,504	2,240,852
Inventory (Note 6)	7,740,492	7,014,534
Right-of-use lease assets (Note 10)	1,634,584	1,953,007
Prepaid expenses and other assets:		
Prepaid expenses	350,013	146,722
Deposits and coupons	85,882	83,882
Property and equipment - Net (Note 7)	19,085,563	19,925,475
	<u>\$ 73,847,424</u>	<u>\$ 72,123,928</u>
Total assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,489,018	\$ 1,729,113
Lease liabilities - Operating (Note 10)	1,704,167	1,966,341
Lease liabilities - Finance (Note 10)	100,532	165,631
Accrued liabilities and other:		
Due to agencies	304,893	423,747
Accrued wages	1,490,518	1,098,766
Other accrued expenses	127,291	107,961
Bonds payable - Net (Note 8)	4,665,244	5,027,821
	<u>9,881,663</u>	<u>10,519,380</u>
Total liabilities		
Net Assets		
Without donor restrictions:		
Without donor restrictions	51,826,629	51,505,443
Board designated	7,963,681	5,619,655
	<u>59,790,310</u>	<u>57,125,098</u>
Total without donor restrictions		
With donor restrictions (Note 11)	4,175,451	4,479,450
	<u>63,965,761</u>	<u>61,604,548</u>
Total net assets		
	<u>\$ 73,847,424</u>	<u>\$ 72,123,928</u>
Total liabilities and net assets		

Northern Illinois Food Bank

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Program service fees	\$ 5,565,744	\$ -	\$ 5,565,744	\$ 7,386,815	\$ -	\$ 7,386,815
Contributions and grants	21,534,289	3,984,612	25,518,901	23,025,468	2,269,646	25,295,114
Fees and grants from government agencies	9,975,141	-	9,975,141	7,483,079	-	7,483,079
Miscellaneous income	56,366	-	56,366	338	-	338
Contributed food and nonfinancial assets	156,484,377	-	156,484,377	129,102,026	-	129,102,026
Investment income - Net	3,764,899	-	3,764,899	2,362,899	-	2,362,899
Net assets released from restrictions	4,288,611	(4,288,611)	-	5,127,472	(5,127,472)	-
Total revenue and support	201,669,427	(303,999)	201,365,428	174,488,097	(2,857,826)	171,630,271
Expenses						
Program services:						
Food Bank operations	36,958,437	-	36,958,437	38,107,504	-	38,107,504
Contributed food distributed	154,716,781	-	154,716,781	128,057,088	-	128,057,088
Total program services	191,675,218	-	191,675,218	166,164,592	-	166,164,592
Support services:						
Management and general	3,489,428	-	3,489,428	2,533,483	-	2,533,483
Fundraising	3,839,569	-	3,839,569	3,396,331	-	3,396,331
Total expenses	199,004,215	-	199,004,215	172,094,406	-	172,094,406
Increase (Decrease) in Net Assets	2,665,212	(303,999)	2,361,213	2,393,691	(2,857,826)	(464,135)
Net Assets - Beginning of year	57,125,098	4,479,450	61,604,548	54,731,407	7,337,276	62,068,683
Net Assets - End of year	\$ 59,790,310	\$ 4,175,451	\$ 63,965,761	\$ 57,125,098	\$ 4,479,450	\$ 61,604,548

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services		Support Services		Total
	Food Bank Operations	Management and General	Fundraising		
Staff salaries	\$ 7,921,367	\$ 2,359,126	\$ 1,284,823	\$ 11,565,316	
Payroll taxes	586,549	134,228	100,805	821,582	
Health insurance	1,221,778	139,833	204,574	1,566,185	
Retirement plan	195,099	50,470	54,735	300,304	
Total salaries and related expenses	9,924,793	2,683,657	1,644,937	14,253,387	
Contributed food distributed	154,711,471	-	-	154,711,471	
Purchased food distributed	17,319,602	-	-	17,319,602	
Transportation	1,564,750	-	-	1,564,750	
Operating supplies	735,872	-	-	735,872	
Occupancy and utilities	411,772	21,734	16,301	449,807	
Mortgage interest	237,248	12,523	9,392	259,163	
Facility rental	478,414	-	-	478,414	
Insurance	298,550	98,451	1,569	398,570	
Equipment purchase, maintenance, and rental	192,445	502	-	192,947	
Building maintenance	337,217	17,799	13,349	368,365	
Office and technology supplies	247,514	5,493	42,674	295,681	
Agency grants	1,039,775	-	-	1,039,775	
Local travel	105,371	5,458	8,818	119,647	
Telecommunications	125,793	2,968	12,428	141,189	
Feeding America and Feeding Illinois fees	-	37,255	-	37,255	
Direct mail, promotional, and advertising	496,797	180	1,281,302	1,778,279	
Conferences and meetings	76,933	43,826	4,569	125,328	
Postage and shipping	638	10,282	24,854	35,774	
Staffing development	42,090	15,352	9,742	67,184	
Dues and subscriptions	382,978	48,994	133,427	565,399	
Special events	-	-	181,810	181,810	
Professional and consulting fees	783,039	454,265	131,791	1,369,095	
Printing and publications	31,728	1,306	44,192	77,226	
Donated goods and services	225,529	407	28,250	254,186	
Miscellaneous	40,051	21,560	228,746	290,357	
Depreciation and amortization	1,864,848	7,416	21,418	1,893,682	
Total functional expenses	\$ 191,675,218	\$ 3,489,428	\$ 3,839,569	\$ 199,004,215	

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services		Support Services		Total
	Food Bank Operations	Management and General	Fundraising		
Staff salaries	\$ 7,040,040	\$ 1,869,464	\$ 1,212,680	\$ 10,122,184	
Payroll taxes	540,120	(293,493)	96,883	343,510	
Health insurance	1,102,152	124,467	190,627	1,417,246	
Retirement plan	163,981	31,747	50,709	246,437	
Total salaries and related expenses	8,846,293	1,732,185	1,550,899	12,129,377	
Contributed food distributed	128,057,088	-	-	128,057,088	
Purchased food distributed	21,015,267	-	-	21,015,267	
Transportation	1,040,362	-	-	1,040,362	
Operating supplies	805,038	-	-	805,038	
Occupancy and utilities	431,226	200	-	431,426	
Mortgage interest	-	163,534	-	163,534	
Facility rental	389,655	-	-	389,655	
Insurance	299,074	85,853	2,517	387,444	
Equipment purchase, maintenance, and rental	207,195	401	-	207,596	
Building maintenance	367,745	-	-	367,745	
Office and technology supplies	241,754	10,360	2,312	254,426	
Agency grants	805,978	-	-	805,978	
Local travel	91,419	2,932	9,634	103,985	
Telecommunications	122,402	1,921	3,017	127,340	
Feeding America and Feeding Illinois fees	38,925	36,167	-	75,092	
Direct mail, promotional, and advertising	537,709	1,707	1,071,608	1,611,024	
Conferences and meetings	62,205	35,164	6,516	103,885	
Postage and shipping	920	10,419	23,026	34,365	
Staffing development	28,543	49,597	10,171	88,311	
Dues and subscriptions	293,652	27,268	109,107	430,027	
Special events	-	-	165,460	165,460	
Professional and consulting fees	866,136	344,725	146,471	1,357,332	
Printing and publications	30,143	2,316	43,319	75,778	
Donated goods and services	114,081	337	71,248	185,666	
Miscellaneous	(207,304)	20,981	181,026	(5,297)	
Depreciation and amortization	1,679,086	7,416	-	1,686,502	
Total functional expenses	\$ 166,164,592	\$ 2,533,483	\$ 3,396,331	\$ 172,094,406	

Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash and cash equivalents received from contributions and grants	\$ 26,331,206	\$ 23,994,655
Cash and cash equivalents received from program services	14,903,565	15,691,041
Cash paid to suppliers and employees	(41,349,986)	(41,227,416)
Net cash and cash equivalents used in operating activities	(115,215)	(1,541,720)
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,078,032)	(1,257,312)
Proceeds from sale of property and equipment	63,010	3,787
Purchase of investments	(14,926,729)	(14,703,719)
Proceeds from sale of investments	14,409,882	19,913,875
Net cash and cash equivalents (used in) provided by investing activities	(1,531,869)	3,956,631
Cash Flows from Financing Activities		
Principal payments on tax-exempt revenue bonds	(369,993)	(393,738)
Payments on finance lease	(65,270)	-
Net cash and cash equivalents used in financing activities	(435,263)	(393,738)
Net (Decrease) Increase in Cash and Cash Equivalents	(2,082,347)	2,021,173
Cash and Cash Equivalents - Beginning of year	9,505,012	7,483,839
Cash and Cash Equivalents - End of year	\$ 7,422,665	\$ 9,505,012
Reconciliation of Increase (Decrease) in Net Assets to Net Cash and Cash Equivalents Used in Operating Activities		
Increase (decrease) in net assets	\$ 2,361,213	\$ (464,135)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	1,893,682	1,686,502
Amortization of right-of-use asset	318,423	297,427
(Gain) loss on sale of property and equipment	(31,332)	2,523
Net change in realized and unrealized gain on investments	(3,080,772)	(1,889,881)
Increase (decrease) in provision for uncollectible accounts	40,453	(33,214)
Noncash donated stock	(237,923)	(2,394,268)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(50,844)	46,411
Grants receivable	(406,757)	181,574
Contributions receivable	111,895	1,127,021
Purchased inventory	792,762	721,589
Prepaid expenses	(203,291)	(42,129)
Deposits and coupons	(2,000)	-
Accounts payable	(251,083)	420,953
Accrued expenses	411,082	(341,644)
Due to agencies	-	114,903
Lease liabilities	(262,003)	(118,462)
Donated inventory	(1,518,720)	(856,890)
Net cash and cash equivalents used in operating activities	\$ (115,215)	\$ (1,541,720)

June 30, 2024 and 2023

Note 1 - Nature of Business

The Northern Illinois Food Bank (the "Food Bank") was organized as a not-for-profit corporation under the laws of the State of Illinois on September 15, 1982. The Food Bank is a member of Feeding America (formerly, America's Second Harvest), the nation's food bank network. The Food Bank leads the northern Illinois community in solving hunger by providing nutritious meals to those in need through innovative programs and partnerships. Food manufacturers, local groceries, corporations, foundations, and individuals come together to donate food and funds and evaluate and repack food for distribution to the Food Bank's member feeding programs that, in turn, provide the food to hungry people in the community. For the year ended June 30, 2024, the Food Bank provided more than 90 million meals to its neighbors across 13 counties through a network of more than 900 food pantries, soup kitchens, shelters, and youth and senior feeding programs. The Food Bank's major sources of revenue are contributions, grants, and program services fees.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of the Food Bank have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Classification of Net Assets

Net assets of the Food Bank are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Food Bank.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Food Bank or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash and Cash Equivalents

For the purpose of the accompanying financial statements, the Food Bank considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Food Bank maintains its cash and cash equivalents in bank deposit accounts, the balances of which at times exceed federally insured limits.

Inventory

The Food Bank's primary types of inventory are donated, purchased, and United States Department of Agriculture (USDA) Emergency Food Program (EFP) inventory.

Donated inventory represents items donated to the Food Bank for distribution. It is valued based on a survey published by Feeding America. The Food Bank uses the aggregate wholesale value included in the survey published by Feeding America. The Food Bank uses this method, as this approximates industry norms for the value of donated food received and distributed.

Purchased and Emergency Food and Shelter Program (EFSP) inventory are stated at the purchase price by use of the first-in, first-out (FIFO) method of valuation.

USDA EFP inventory is valued based on the annual value of commodities provided by the Illinois Department of Human Services EFP program.

Note 2 - Significant Accounting Policies (Continued)

Revenue and Public Support

Unconditional promises to give cash and other assets to the Food Bank are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received. Conditional promises are recorded when donor stipulations are substantially met. The gifts are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 and changes in net assets as net assets released from restrictions.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

Revenue from government grants and contracts agreements is conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Any government grants received in advance of expenditures are recorded with accrued expenses on the statement of financial position. Management determines the allowances for doubtful accounts on its grant receivables by reviewing and identifying troubled accounts on a regular basis and by using historical experience. Grant receivables are written off when deemed uncollectible. The Food Bank did not record an allowance on its grant receivables, as it expects to receive outstanding amounts due subsequent to the fiscal year end.

Program service fees are the only revenue stream applicable under Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Program service fees consist of revenue from the Food Bank's purchased and donated food program. In the purchased food program, the Food Bank buys certain commodities and generally distributes them to agencies at cost plus a shared maintenance fee. Shared maintenance is applied to both the purchased and donated food distributions in an effort to recover some of the costs of acquiring, storing, and handling the food. Purchased food revenue and shared maintenance revenue on donated food is recognized at the point in time in which the agency receives the food, as that is the point in time the Food Bank satisfies the performance obligation.

Investments

Investments are reported at fair value, with unrealized gains and losses reported in the change in net assets.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives. All expenditures for property and equipment over \$2,500 are capitalized. Costs of maintenance and repairs are charged to expense when incurred.

The Food Bank reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of property and equipment 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 property and equipment are reported as restricted support.

Note 2 - Significant Accounting Policies (Continued)

Contributed Food and Nonfinancial Assets

Contributed food and nonfinancial assets are reflected as contributions at their fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. Contributed food, as well as the related contributed food distributed expense, is estimated using the Food Bank's respective pounds of food at a weighted-average wholesale price per pound by product category, as determined by Feeding America. These amounts have been reported as both contributed food and nonfinancial assets revenue and contributed food distributed expense on the statement of activities and changes in net assets.

A substantial number of volunteers provide nonspecialized services to the Food Bank throughout the year; however, no amounts are recorded in the financial statements, as they do not meet the criteria for financial statement recognition.

Income Taxes

The Food Bank is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Accounts Receivable

The Food Bank's accounts receivable balance consists of amounts due from its purchasing agencies. Accounts receivable are stated at invoice amounts. The Food Bank collectively evaluates trade receivables to determine the allowance for credit losses based on its experience and adjusted for economic conditions and other trends affecting the Food Bank's ability to collect outstanding amounts. Based on experience and the low allowable limits granted to purchasing agencies, management does not consider it necessary to establish an allowance for trade receivables. The Food Bank considers changes in the operations of its purchasing agencies when making adjustments for reasonable and supportable forecasts. The Food Bank uses the direct write-off method for uncollectible accounts when management determines that the receivable will not be collected. The accounts receivable balance as of July 1, 2022 was \$328,740.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board for capital improvements and general expenditures. These designations are based on board actions, which can be altered or revoked at a future time by the board.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs have been allocated between the various program and support services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

June 30, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Salaries and related expenses are allocated based on the nature of services or activity performed. Building costs are allocated based on square footage, and the remaining costs are allocated according to asset usage.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 11, 2024, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2023, the Food Bank adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, using the modified retrospective method. ASU No. 2016-13 changes the impairment model for financial assets measured at amortized cost, requiring presentation at the net of amount expected to be collected. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts. The adoption of this guidance on July 1, 2023 had no significant impact on the beginning of year net asset balances.

Note 4 - Contributions Receivable

Included in contributions receivable as of June 30, 2024 and 2023 are the following:

	2024	2023
Gross promises to give before unamortized discount	\$ 2,248,634	\$ 2,360,529
Less allowance for uncollectible contributions	(123,425)	(89,073)
Less allowance of 3 percent for net present value discount	(36,705)	(30,604)
Net contributions receivable	<u>\$ 2,088,504</u>	<u>\$ 2,240,852</u>
Amounts due in:		
Less than one year	\$ 1,242,134	\$ 1,595,675
One to five years	846,370	645,177
Total	<u>\$ 2,088,504</u>	<u>\$ 2,240,852</u>

During the year ended June 30, 2024, the Food Bank received conditional promises to give totaling \$1,444,700. The promise is conditioned upon the Food Bank for the purchase of food and property and equipment as well as time. As of June 30, 2024, these conditions were not met; therefore, this promise is not included in unconditional promises to give as of June 30, 2024.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Food Bank has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

June 30, 2024 and 2023

Note 5 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Food Bank's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Food Bank's assets measured at fair value on a recurring basis at June 30, 2024 and 2023 and the valuation techniques used by the Food Bank to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024

	Quoted Prices in			Net Asset Value	Balance at June 30, 2024
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets					
Investments:					
Stocks	\$ 11,603,552	\$ -	\$ -	\$ -	\$ 11,603,552
Exchange-traded and closed-end funds	8,844,727	-	-	-	8,844,727
Municipal bonds	-	3,197,796	-	-	3,197,796
Corporate fixed income	-	1,912,650	-	-	1,912,650
Government securities	-	2,684,199	-	-	2,684,199
Certificates of deposit funds	-	239,000	-	-	239,000
Mutual funds	3,139,527	-	-	-	3,139,527
Alternative investments	-	-	-	156,104	156,104
Total investments	<u>\$ 23,587,806</u>	<u>\$ 8,033,645</u>	<u>\$ -</u>	<u>\$ 156,104</u>	<u>\$ 31,777,555</u>

Assets Measured at Fair Value on a Recurring Basis at June 30, 2023

	Quoted Prices in			Net Asset Value	Balance at June 30, 2023
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets					
Investments:					
Stocks	\$ 10,338,233	\$ -	\$ -	\$ -	\$ 10,338,233
Exchange-traded and closed-end funds	6,341,967	-	-	-	6,341,967
Municipal bonds	-	4,253,138	-	-	4,253,138
Corporate fixed income	-	581,881	-	-	581,881
Government securities	-	1,071,189	-	-	1,071,189
Certificates of deposit funds	-	236,416	-	-	236,416
Mutual funds	5,051,679	-	-	-	5,051,679
Alternative investments	-	-	-	128,033	128,033
Total investments	<u>\$ 21,731,879</u>	<u>\$ 6,142,624</u>	<u>\$ -</u>	<u>\$ 128,033</u>	<u>\$ 28,002,536</u>

Not included in the above tables is \$591,325 and \$530,802 of cash held in the investment account at June 30, 2024 and 2023, respectively.

Note 5 - Fair Value Measurements (Continued)

The fair values of municipal bonds, corporate fixed-income securities, government securities, and certificates of deposit at June 30, 2024 and 2023 were determined primarily based on Level 2 inputs. The Food Bank estimates the fair value of these investments based on comparable security transactions or observable yield curves for comparable securities.

Investments in Entities that Calculate Net Asset Value per Share

The Food Bank holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Held at June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Alternative investments	\$ 156,104	\$ -	Quarterly	45 days
	Investments Held at June 30, 2023			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Alternative investments	\$ 128,033	\$ -	Quarterly	45 days

The alternative investments include investments in a state-regulated, non-publicly traded business development company that makes private loans to corporations. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 6 - Inventory

Inventory at June 30, 2024 and 2023 consists of the following:

	2024		2023	
	Dollars	Pounds	Dollars	Pounds
Donated	\$ 4,313,877	2,189,785	\$ 4,608,506	2,387,827
Purchased	330,173	530,952	1,117,625	1,568,548
United States Department of Agriculture (Emergency Food Program)	3,096,442	2,029,707	1,288,403	1,103,498
Total	\$ 7,740,492	4,750,444	\$ 7,014,534	5,059,873

June 30, 2024 and 2023

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2024	2023	Depreciable Life - Years
Geneva building	\$ 18,170,114	\$ 17,885,931	39
Geneva land	2,338,673	2,338,673	-
Building and improvements	2,582,614	2,118,716	5-39
Furniture and equipment	3,037,588	2,842,116	5-10
Computers and software	1,816,505	1,489,459	3
Vehicles	4,891,310	4,945,427	5
Construction in progress	116,549	418,645	-
Total cost	32,953,353	32,038,967	
Accumulated depreciation	13,867,790	12,113,492	
Net property and equipment	<u>\$ 19,085,563</u>	<u>\$ 19,925,475</u>	

Depreciation expense for 2024 and 2023 was \$1,886,266 and \$1,679,086, respectively.

Note 8 - Bonds Payable

The Food Bank issued 25-year variable-rate tax-exempt bonds through the City of Geneva, Kane County, Illinois (the "City") in the amount of \$12,000,000 dated as of November 2010. The Food Bank entered into a loan agreement with the City for the proceeds of the bond issue, which were held by the trustee (Amalgamated Bank of Chicago) and disbursed periodically for payment of costs incurred in conjunction with the Food Bank's construction of a warehouse and certain food storage facilities and related property in the City. The bonds have a maturity date of May 1, 2037 and are secured by the real estate located in the City.

Interest is payable monthly at 5.26 percent through November 1, 2025, the specified rate reset date, after which the rate will adjust. Principal payments in the amount of \$30,831 are also payable monthly.

Minimum principal payments on the bonds payable to maturity as of June 30, 2024 are as follows:

Years Ending	Amount
2025	\$ 398,542
2026	398,542
2027	398,542
2028	398,542
2029	398,542
Thereafter	2,755,240
Less net bond issuance costs	<u>(82,706)</u>
Total	<u>\$ 4,665,244</u>

Total interest expense incurred and paid was \$259,163 and \$163,534 for the years ended June 30, 2024 and 2023, respectively.

Costs associated with the issuance of the bonds and execution of the modification totaled \$178,633 and are being amortized using the straight-line method over the term of the bonds. Amortization charged to expense during the years ended June 30, 2024 and 2023 was \$7,416.

Note 9 - Line of Credit

The Food Bank entered into a line of credit with Old Second Bank on May 27, 2020. This line of credit was renewed on May 27, 2024. Per the agreement, the Food Bank has maximum available borrowings of \$2,000,000, with interest payable monthly at a rate of 4.00 percent. The line of credit matures on May 27, 2026. As of June 30, 2024 and 2023, the Food Bank had not drawn on the line.

Note 10 - Leases

The Food Bank is obligated under operating leases primarily for warehouse and office space and equipment, expiring at various dates through March 2032. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 2.85 percent to 2.90 percent. The leases require the Food Bank to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was \$478,414 and \$389,655 for the years ended June 30, 2024 and 2023, respectively.

In 2014, the Food Bank entered into a one-year lease for warehouse space at 765 Research Parkway in Rockford, Illinois (the "Northwest Suburban lease"), which has been amended once to extend the lease term through December 2024.

In 2017, the Food Bank entered into a lease agreement for warehouse space at 191 S. Larkin Avenue in Joliet, Illinois (the "South Suburban lease"). The term of the lease is from October 1, 2017 through December 31, 2027.

In 2022, the Food Bank entered into a lease agreement for warehouse space at 13950 West Business Center Drive in Green Oaks, Illinois (the "North Suburban lease"). The term of the lease is from February 1, 2022 through March 31, 2032.

The Food Bank leases vehicles and copiers under long-term lease arrangements that are classified as finance leases. Under the terms of the lease agreements, payments ranging from \$2,313 to \$3,836 are due monthly through July 2026. The right-of-use asset and related lease liability have been calculated using a 2.87 percent discount rate. Total rent expense under these leases was \$22,494 and \$83,333 for the years ended June 30, 2024 and 2023, respectively.

Expenses recognized under these leases for the years ended June 30, 2024 and 2023 consist of the following:

	2024	2023
Lease cost:		
Finance lease cost	\$ 68,251	\$ 62,541
Operating lease cost	298,982	389,655
Variable lease cost	205,067	121,808
	\$ 572,300	\$ 574,004
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 65,270	\$ 108,369
Operating cash flows from operating leases	312,676	302,352
Financing cash flows from finance leases	60,257	-
Weighted-average remaining lease term (years) - Finance leases	2.08	3.50
Weighted-average remaining lease term (years) - Operating leases	7.06	5.30
Weighted-average discount rate - Finance leases	3.9 %	2.9 %
Weighted-average discount rate - Operating leases	2.9 %	2.9 %

Note 10 - Leases (Continued)

The future minimum lease payments under operating and finance leases are as follows:

Years Ending June 30	Operating Leases	Finance Leases	Total Payments
2025	\$ 287,566	\$ 68,171	\$ 355,737
2026	262,620	30,753	293,373
2027	268,444	6,147	274,591
2028	240,324	-	240,324
2029	212,304	-	212,304
Thereafter	615,141	-	615,141
Total	1,886,399	105,071	1,991,470
Less amount representing interest	182,232	4,539	186,771
Total obligations under leases	\$ 1,704,167	\$ 100,532	\$ 1,804,699

Note 11 - Net Assets

Net assets as of June 30, 2024 and 2023 are with donor restrictions for the following purposes:

	2024	2023
Purpose restricted - Primarily programs	\$ 1,141,486	\$ 1,287,231
Purpose restricted - Use on building:		
Expiring in 2028	329,120	329,120
Expiring in 2030	250,000	250,000
Expiring in 2031	425,000	425,000
Expiring in 2032	7,875	7,876
Total purpose restricted - Use on building	1,011,995	1,011,996
Time and purpose restricted - Pledges receivable, primarily for programs	2,021,970	2,180,223
Total net assets with donor restrictions	\$ 4,175,451	\$ 4,479,450

The use restriction on building relates to forgivable mortgage notes totaling approximately \$1,012,000 as of June 30, 2024 and 2023. These mortgage notes, the remaining balance of which is recorded as net assets with donor restrictions, will be forgiven as indicated in the table above when each agreement ends as long as the Food Bank complies with the requirements of these notes; management fully expects that it will. Net assets released from donor restrictions totaled \$4,288,611 and \$5,127,472 as of June 30, 2024 and 2023, respectively.

Note 12 - Board-designated Endowment

Endowment Net Asset Composition by Type of Fund
as of June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 7,963,681	\$ -	\$ 7,963,681

Note 12 - Board-designated Endowment (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 5,619,655	\$ -	\$ 5,619,655
Investment return:			
Investment income	120,789	-	120,789
Realized losses	(54,278)	-	(54,278)
Unrealized gains	901,580	-	901,580
Total investment return	968,091	-	968,091
Other changes - Transfers to create board-designated endowment funds	1,375,935	-	1,375,935
Endowment net assets - End of year	<u>\$ 7,963,681</u>	<u>\$ -</u>	<u>\$ 7,963,681</u>

	Endowment Net Asset Composition by Type of Fund as of June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 5,619,655	\$ -	\$ 5,619,655

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 4,106,941	\$ -	\$ 4,106,941
Investment return:			
Investment income	75,198	-	75,198
Realized losses	(161,112)	-	(161,112)
Unrealized gains	492,560	-	492,560
Total investment return	406,646	-	406,646
Other changes - Transfers to create board-designated endowment funds	1,106,068	-	1,106,068
Endowment net assets - End of year	<u>\$ 5,619,655</u>	<u>\$ -</u>	<u>\$ 5,619,655</u>

Underwater Endowment Funds

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 SPMIFA requires the Food Bank to retain as a fund of perpetual duration. As of June 30, 2024 and 2023, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Food Bank 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 Food Bank must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The long-term investment objective for the endowment funds is to generate sufficient income to support its programs while preserving the related principal.

Note 12 - Board-designated Endowment (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Food Bank 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). The Food Bank targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Through the combination of investment strategy and payout policy, the Food Bank strives to provide a reasonable and consistent payout from endowment funds to support operations, while preserving the purchasing power of the endowment adjusted for inflation. The annual and long-term spending rate is subject to approval by the board of directors. For the years ended June 30, 2024 and 2023, the board approved a spending rate of 4.0 percent.

Note 13 - Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statement of activities and changes in net assets consisted of the following for the years ended June 30:

	2024	2023
Food contributions	\$ 156,230,191	\$ 128,913,978
Goods contributions	223,042	147,073
Donated materials and services	31,144	40,975
Total	<u>\$ 156,484,377</u>	<u>\$ 129,102,026</u>

The Food Bank receives donated food and goods from local area merchants and the USDA.

During the year ended June 30, 2024, the Food Bank received and distributed approximately 68,976,000 and 67,748,000 pounds, respectively, of donated usable food. During the year ended June 30, 2023, the Food Bank received and distributed approximately 60,532,000 and 58,333,000 pounds, respectively, of donated usable food. As of June 30, 2024 and 2023, donated food inventory consisted of approximately 2,190,000 pounds at an average value of \$1.97 per pound and approximately 2,388,000 pounds at an average value of \$1.93 per pound, respectively. The fair value of donated food is determined by Feeding America in a study conducted annually and applied by pound.

Note 14 - Retirement Plan

The Food Bank sponsors a 401(k) plan for all eligible employees. The plan provides for the Food Bank to make matching contributions. Contributions to the plan totaled \$300,304 and \$246,437 for the years ended June 30, 2024 and 2023, respectively.

The Food Bank matches 100 percent of the first 2 percent contributed by an employee and also matches 50 percent of the next 5 percent of an employee's contribution, with a maximum matching contribution of 4.5 percent.

Note 15 - Related Party Transactions

The Food Bank paid \$791,346 and \$846,687 during the years ended June 30, 2024 and 2023, respectively, for food and supplies provided by firms for which board members are part of management. The Food Bank also paid \$287,218 and \$382,000 during the years ended June 30, 2024 and 2023, respectively, for consulting services from a firm of which a board member is a partner.

Note 16 - Liquidity and Availability of Resources

The following reflects the Food Bank’s financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available also include board-designated endowment funds that could be drawn upon with approval from the governing board.

	2024	2023
Cash and cash equivalents	\$ 7,422,665	\$ 9,505,012
Investments	32,368,880	28,533,338
Grants receivable	2,845,534	2,438,777
Accounts receivable	333,173	282,329
Contributions receivable - Net	2,088,504	2,240,852
Financial assets - At year end	45,058,756	43,000,308
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions - Restricted by donor with purpose restrictions	3,163,456	3,467,454
Board designations - Board-designated endowment funds	7,963,681	5,619,655
Financial assets available to meet cash needs for general expenditures within one year	\$ 33,931,619	\$ 33,913,199

As part of the Food Bank's liquidity management, policy is to structure financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Food Bank invests cash in excess of daily requirements in an investment account. The Food Bank has a goal to maintain financial assets, which consist of cash, investments, and receivables, on hand to meet, at a minimum, 90 days of normal operating expenses, which are, on average, approximately \$9,200,000 as of June 30, 2024.

The Food Bank also realizes there could be unanticipated liquidity needs and plans accordingly. To help manage unanticipated liquidity needs, the Food Bank has a line of credit in the amount of \$2,000,000 that it could draw upon.