



# 2021 ANNUAL REPORT



**GREATER  
CHICAGO**  
— FOOD —  
DEPOSITORY®



## Dear Friends and Supporters,

Thank you for all of your extraordinary support in fiscal year 2020-2021 – a year of ongoing crisis and new opportunities.

More than a year after the pandemic disrupted life as we knew it, families across Chicago and Cook County are still at increased risk of hunger as a result of COVID-19 and the economic crisis that followed.

Your support has empowered us and our network of community partners to rise up. In fiscal year 2021, our network distributed more food than ever before in our 42-year history.

But serving our community is more than just the number of meals we provide. It's about addressing the root causes of hunger and building a food system that is equitable for all.

The pandemic has only widened the disparities and barriers that already existed for predominately Black and Brown communities to access healthy food. In response, a majority of the \$8 million we invested in our partners this fiscal year were equity grants for partners serving in these areas. This provided funding for longtime partners to elevate their operations and serve more people, as well as for new sites to open, which will serve as community nutrition hubs. With these investments, our partners are strengthening their community-centered responses to hunger, through the pandemic recovery and years to come.

Our staff and partners advocated for and connected people with needed benefits like the Supplemental Nutrition Assistance Program, a first line of defense for those facing hunger. They also helped raise awareness about new programs like Pandemic EBT, designed to help feed families whose children were learning remotely and no longer receiving free school meals.

Our workforce development team evolved their courses to meet changing opportunities in the job market, launching new programs to help students find careers in both the hospitality and supply chain industries. We also expanded our prepared meals production, building up our capacity to feed older adults and people with disabilities.

Through it all, our volunteer force never wavered. Caring people from across Chicago and Cook County answered the call, week after week, to ensure their neighbors had the food they need to be healthy and thrive.

The economic and social effects of the pandemic will be with us for years to come. But a return to pre-COVID levels of need is not enough. We must strive to create a community where everyone has equitable access to food and economic opportunity.

None of this work would be possible without your help. Your commitment to our mission provided not only food, but hope in a time when we all need it the most.

On behalf of the Food Depository, our partners and those we serve, thank you.



**Kate Maehr**  
CEO & Executive Director  
Greater Chicago Food Depository



**Monica Brown Moss**  
Chair of the Board  
Greater Chicago Food Depository

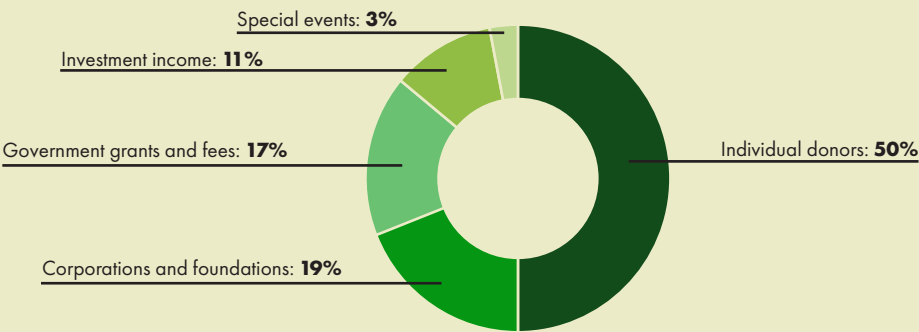
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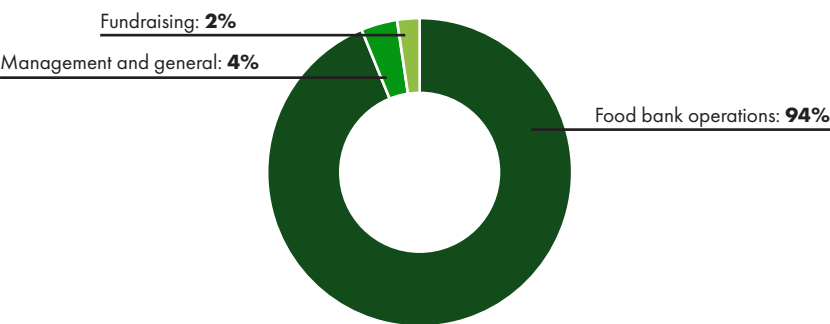
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# INTERNAL STATEMENT OF ACTIVITIES

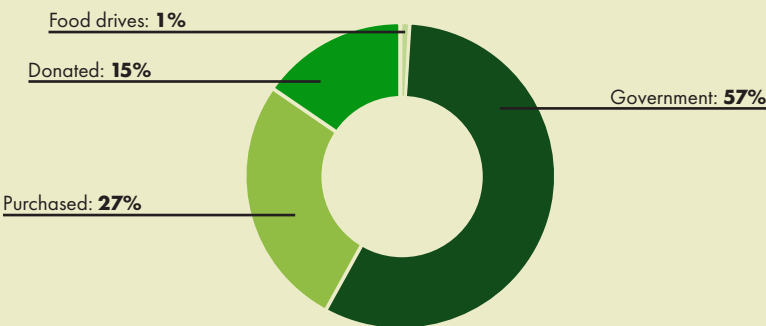
## WHERE OUR FUNDING COMES FROM



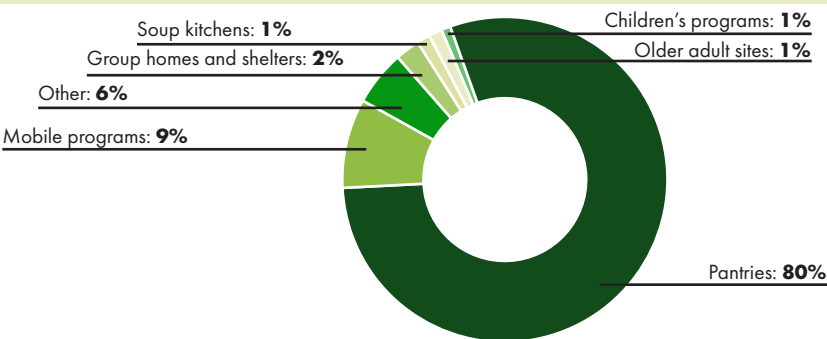
## HOW WE USE OUR RESOURCES



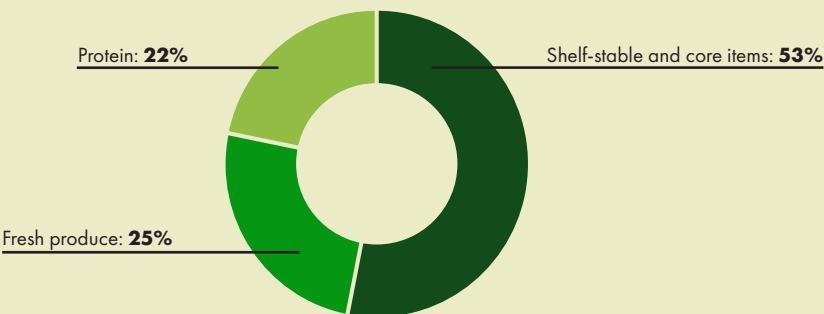
## WHERE OUR FOOD COMES FROM



## WHERE OUR FOOD GOES



## WHAT TYPES OF FOOD WE DISTRIBUTE



# INDEPENDENT AUDITOR'S REPORT – June 30, 2021

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To the Board of Directors  
Greater Chicago Food Depository

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the Greater Chicago Food Depository (the "Food Depository"), which comprise the statement of financial position as of June 30, 2021 and 2020 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.

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

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Chicago Food Depository as of June 30, 2021 and 2020 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.

## **Emphasis of Matter**

As described in Note 2 to the financial statements, the Food Depository adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to these matters.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021 on our consideration of the Food Depository'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 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 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 Depository's internal control over financial reporting and compliance.

## STATEMENTS OF FINANCIAL POSITION – June 30, 2021 and 2020

	JUNE 30	
	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 9,202,263	\$ 23,321,272
Receivables		
Grants and accounts receivable - Net	5,222,686	3,393,379
Pledges receivable - Net	2,503,569	686,758
Inventory		
Contributed food	23,129,872	17,680,824
Purchased food programs - Net	1,747,188	305,755
Other current assets	696,850	383,926
<b>TOTAL CURRENT ASSETS</b>	<b>42,502,428</b>	<b>45,771,914</b>
<b>INVESTMENTS</b>		
Securities	126,342,470	78,136,617
<b>NONCURRENT PLEDGES RECEIVABLE</b>	<b>297,932</b>	<b>251,669</b>
<b>OTHER NONCURRENT ASSETS</b>	<b>468,789</b>	<b>373,864</b>
<b>LAND, BUILDING AND EQUIPMENT</b>		
Net of accumulated depreciation	38,118,693	38,675,011
<b>ASSETS RESTRICTED FOR INVESTMENT IN BUILDING AND EQUIPMENT</b>	<b>9,573,679</b>	<b>9,648,559</b>
<b>TOTAL ASSETS</b>	<b>\$ 217,303,991</b>	<b>\$ 172,857,634</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,881,345	\$ 1,832,718
Accrued expenses	5,470,349	4,619,145
Deferred revenue	830,948	894,296
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,185,642</b>	<b>7,346,159</b>
<b>LINE OF CREDIT</b>	<b>—</b>	<b>10,739,560</b>
<b>TOTAL LIABILITIES</b>	<b>9,185,642</b>	<b>18,085,719</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Operating and contributed food	123,713,887	96,656,129
Board-designated endowments	68,874,121	47,217,444
<b>TOTAL WITHOUT DONOR RESTRICTIONS</b>	<b>192,588,008</b>	<b>143,873,573</b>
With donor restrictions	15,530,341	10,898,342
<b>TOTAL NET ASSETS</b>	<b>208,118,349</b>	<b>154,771,915</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 217,303,991</b>	<b>\$ 172,857,634</b>

See Notes to Financial Statements.

# STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – Year ended June 30, 2021

## WITHOUT DONOR RESTRICTIONS

	FOOD BANK	CONTRIBUTED FOOD	TOTAL	WITH DONOR RESTRICTIONS	TOTAL
<b>PUBLIC SUPPORT AND REVENUE</b>					
<b>PUBLIC SUPPORT</b>					
Contributions and grants	\$ 68,036,676	\$ —	\$ 68,036,676	\$ 15,230,520	\$ 83,267,196
Contributions – <i>Nourish Capital Campaign</i>	—	—	—	1,100,807	1,100,807
Contributed food received	—	44,710,728	44,710,728	—	44,710,728
Satisfaction of restrictions	11,699,328	—	11,699,328	(11,699,328)	—
<b>REVENUE</b>					
Fee and grants from government agencies	19,295,126	130,852,882	150,148,008	—	150,148,008
Agency purchases revenue and other income	78,910	—	78,910	—	78,910
Investment income, net of investment expenses	12,389,249	—	12,389,249	—	12,389,249
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>111,499,289</b>	<b>175,563,610</b>	<b>287,062,899</b>	<b>(4,631,999)</b>	<b>291,694,898</b>
<b>OPERATING EXPENSES</b>					
Food bank operations	53,417,101	—	53,417,101	—	53,417,101
Contributed food distributed	—	170,114,562	170,114,562	—	170,114,562
<b>TOTAL PROGRAM EXPENSES</b>	<b>53,417,101</b>	<b>170,114,562</b>	<b>223,531,663</b>	<b>—</b>	<b>223,531,663</b>
Management and general	9,158,505	—	9,158,505	—	9,158,505
Fundraising	5,658,296	—	5,658,296	—	5,658,296
<b>TOTAL OPERATING EXPENSES</b>	<b>68,233,902</b>	<b>170,114,562</b>	<b>238,348,464</b>	<b>—</b>	<b>238,348,464</b>
<b>NET ASSETS</b>					
<b>INCREASE IN NET ASSETS</b>	<b>43,265,387</b>	<b>5,449,048</b>	<b>48,714,435</b>	<b>(4,631,999)</b>	<b>53,346,434</b>
<b>NET ASSETS</b> — Beginning of year	<b>126,192,749</b>	<b>17,680,824</b>	<b>143,873,573</b>	<b>10,898,342</b>	<b>154,771,915</b>
<b>TOTAL NET ASSETS – END OF YEAR</b>	<b>\$ 169,458,136</b>	<b>\$ 23,129,872</b>	<b>\$ 192,588,008</b>	<b>\$ 15,530,341</b>	<b>\$ 208,118,349</b>

See Notes to Financial Statements.

# STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – Year ended June 30, 2020

## WITHOUT DONOR RESTRICTIONS

	FOOD BANK	CONTRIBUTED FOOD	TOTAL	WITH DONOR RESTRICTIONS	TOTAL
<b>PUBLIC SUPPORT AND REVENUE</b>					
<b>PUBLIC SUPPORT</b>					
Contributions and grants	\$ 51,288,803	\$ —	\$ 51,288,803	\$ 15,663,708	\$ 66,952,511
Contributions – <i>Nourish Capital Campaign</i>	—	—	—	11,422,949	11,422,949
Contributed food received	—	50,143,675	50,143,675	—	50,143,675
Satisfaction of restrictions	30,168,938	—	30,168,938	(30,168,938)	—
<b>REVENUE</b>					
Fee and grants from government agencies	9,730,464	68,870,555	78,601,019	—	78,601,019
Agency purchases revenue and other income	1,625,603	—	1,625,603	—	1,625,603
Investment income, net of investment expenses	843,113	—	843,113	—	843,113
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>93,656,921</b>	<b>119,014,230</b>	<b>212,671,151</b>	<b>3,082,281</b>	<b>209,588,870</b>
<b>OPERATING EXPENSES</b>					
Food bank operations	34,857,421	—	34,857,421	—	34,857,421
Contributed food distributed	—	113,136,982	113,136,982	—	113,136,982
<b>TOTAL PROGRAM EXPENSES</b>	<b>34,857,421</b>	<b>113,136,982</b>	<b>147,994,403</b>	<b>—</b>	<b>147,994,403</b>
Management and general	6,444,300	—	6,444,300	—	6,444,300
Fundraising	5,317,477	—	5,317,477	—	5,317,477
<b>TOTAL OPERATING EXPENSES</b>	<b>46,619,198</b>	<b>113,136,982</b>	<b>159,756,180</b>	<b>—</b>	<b>159,756,180</b>
<b>NET ASSETS</b>					
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE NON-OPERATING EXPENSES</b>	<b>47,037,723</b>	<b>5,877,248</b>	<b>52,914,971</b>	<b>3,082,281</b>	<b>49,832,690</b>
<b>NON-OPERATING EXPENSES</b>					
Loss on disposal of building and equipment	5,727,234	—	5,727,234	—	5,727,234
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>41,310,489</b>	<b>5,877,248</b>	<b>47,187,737</b>	<b>(3,082,281)</b>	<b>44,105,456</b>
<b>NET ASSETS</b> — Beginning of year	<b>84,882,260</b>	<b>11,803,576</b>	<b>96,685,836</b>	<b>13,980,623</b>	<b>110,666,459</b>
<b>TOTAL NET ASSETS – END OF YEAR</b>	<b>\$ 126,192,749</b>	<b>\$ 17,680,824</b>	<b>\$ 143,873,573</b>	<b>\$ 10,898,342</b>	<b>\$ 154,771,915</b>

See Notes to Financial Statements.

## STATEMENT OF FUNCTIONAL EXPENSES – Year ended June 30, 2021

	PROGRAM SERVICES	SUPPORT SERVICES		
	FOOD BANK PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries	\$ 9,906,990	\$ 3,492,006	\$ 2,025,938	\$ 15,424,934
Employee fringe benefits	2,510,905	528,524	405,749	3,445,178
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>12,417,895</b>	<b>4,020,530</b>	<b>2,431,687</b>	<b>18,870,112</b>
Cost of food sold	25,403,446	—	—	25,403,446
Occupancy and utility costs	463,190	7,753	1,203	472,146
Trucking, freight and storage	2,009,622	8,675	—	2,018,297
Direct mail and special events	146,654	—	2,924,467	3,071,121
Purchase, maintenance and equipment rentals	643,057	272,893	—	915,950
Office supplies	82,762	36,848	423	119,943
Building, maintenance and renovation expense	325,003	5,440	844	331,287
Professional and contractual fees	929,977	3,926,600	76,958	4,933,535
Insurance	364,094	49,814	—	413,908
Telecommunications	46,878	210,483	1,277	258,638
Meetings, conferences, conventions and local transportation	65,608	2,848	2,269	70,725
Licenses, fees and local dues	118,157	211,929	115,729	445,815
Printing	99,865	204,884	1,266	306,015
Postage	19,283	7,226	74,514	101,023
Member agencies development	7,542,919	—	—	7,542,919
Education and training	389,338	141,368	21,573	552,729
Miscellaneous	6,592	11,996	—	18,588
Contributed food distributed	170,114,562	—	—	170,114,562
Depreciation	2,342,851	39,218	6,086	2,388,155
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 223,531,663</b>	<b>\$ 9,158,505</b>	<b>\$ 5,658,296</b>	<b>\$ 238,348,464</b>

See Notes to Financial Statements.

## STATEMENT OF FUNCTIONAL EXPENSES – Year ended June 30, 2020

	PROGRAM SERVICES	SUPPORT SERVICES		
	FOOD BANK PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries	\$ 9,502,980	\$ 2,682,291	\$ 1,716,574	\$ 13,901,845
Employee fringe benefits	2,400,323	482,253	332,243	3,214,819
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>11,903,303</b>	<b>3,164,544</b>	<b>2,048,817</b>	<b>17,116,664</b>
Cost of food sold	14,689,587	—	—	14,689,587
Occupancy and utility costs	14,689,587	8,382	1,301	510,402
Trucking, freight and storage	1,759,597	4,950	—	1,764,547
Direct mail and special events	122,910	—	3,073,176	3,196,086
Purchase, maintenance and equipment rentals	480,269	167,241	—	647,510
Office supplies	66,249	19,970	167	86,386
Building, maintenance and renovation expense	1,300,483	21,769	3,378	1,325,630
Professional and contractual fees	626,002	1,966,665	44,284	2,636,951
Insurance	271,900	42,113	—	314,013
Telecommunications	32,387	198,458	800	231,645
Meetings, conferences, conventions and local transportation	104,715	25,436	6,302	136,453
Licenses, fees and local dues	132,828	200,699	92,173	425,700
National dues (Feeding America)	—	35,283	—	35,283
Printing	92,261	308,572	11,093	411,926
Postage	43,007	9,597	29,367	81,971
Member agencies development	1,037,239	—	250	1,037,489
Education and training	151,735	213,888	2,397	368,020
Miscellaneous	13,087	31,136	—	44,223
Contributed food distributed	113,136,982	—	—	113,136,982
Depreciation	1,529,143	25,597	3,972	1,558,712
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 147,994,403</b>	<b>\$ 6,444,300</b>	<b>\$ 5,317,477</b>	<b>\$ 159,756,180</b>

See Notes to Financial Statements.

## STATEMENT OF CASH FLOWS – June 30, 2021 and 2020

	JUNE 30	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 53,346,434	\$ 44,105,456
<b>ADJUSTMENTS TO RECONCILE INCREASE TO NET CASH AND NET CASH EQUIVALENTS FROM OPERATING ACTIVITIES:</b>		
Credits to agency accounts receivable balances	80,399	620,900
Increase in allowance for uncollected pledges and discount to net present value	31,991	2,798
Increase in reserve for purchased inventory	2,110,115	630,992
Depreciation	2,388,155	1,558,712
Gain (loss) on sale and disposal of fixed assets	7,696	5,688,234
Increase in inventory – Contributed food	(5,449,048)	(5,877,248)
Donated investments	(8,104,176)	(2,443,704)
Unrealized and realized gain on investments	10,578,068	533,425
Nourish Capital Campaign contributions	(1,100,807)	(11,422,949)
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES THAT (USED) PROVIDED CASH AND CASH EQUIVALENTS:</b>		
Accounts receivable	(1,909,706)	(2,461,345)
Other pledges	(1,895,065)	245,453
Inventory – Purchased	(3,551,548)	270,407
Other current assets	(312,924)	(27,073)
Other noncurrent assets	(94,925)	(16,962)
Accounts payable	1,051,627	150,476
Accrued expenses	851,204	420,415
Deferred revenue and other	(63,348)	210,057
<b>NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES</b>	<b>26,792,614</b>	<b>32,188,044</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments – Securities	49,312,678	19,500,108
Purchase of investments – Securities	(81,950,443)	(38,765,124)
Proceeds from sale and disposal of fixed assets	69,700	39,000
Purchase of fixed assets	(1,893,841)	(5,640,845)
<b>NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES</b>	<b>(34,461,906)</b>	<b>(24,866,681)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collection of Nourish Capital Campaign contributions	4,289,843	5,411,884
Net payments on line of credit	(10,739,560)	(260,440)
<b>NET CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES</b>	<b>(6,449,717)</b>	<b>5,151,444</b>
<b>NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(14,119,009)</b>	<b>12,472,627</b>
<b>CASH AND CASH EQUIVALENTS – Beginning of year</b>	<b>23,321,272</b>	<b>10,848,645</b>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<b>\$ 9,202,263</b>	<b>\$ 23,321,272</b>

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS – June 30, 2021 and 2020

### NOTE 1 – NATURE OF BUSINESS

The Greater Chicago Food Depository (the "Food Depository") is a not-for-profit, tax-exempt (Section 501(c)(3)) food bank working to end hunger in Cook County. The Food Depository believes a healthy community starts with food. The Food Depository is at the center of a network of more than 700 organizations and programs – food pantries, soup kitchens, mobile distributions and other partners – working to bring food, dignity and hope to neighbors in need. The Food Depository addresses the root causes of hunger with job training, advocacy and other innovative solutions. The Food Depository is a proud charter member of Feeding America – the national network of food banks. By working to help those most in need go from hungry to hopeful, the Food Depository is building a greater Chicago.

A description of each group of unrestricted net assets and programs follows:

#### FOOD BANK

*Operating* - Represents resources used to carry out the food bank operations over which the board of directors has discretionary control. It also includes the net investment in property and equipment and the unexpended board-designated resources.

*Contributed Food* - Represents the balance of contributed food remaining on hand at June 30.

*Board-designated Endowments* - Represent resources designated by the board of directors as a reserve account for future operating and capital contingencies and commitments.

#### GOVERNMENT PROGRAMS

The Food Depository administers several government programs, as described below:

*The City of Chicago Emergency Food Program* – Under the Emergency Food Program with the City of Chicago's Department of Family and Support Services, the Greater Chicago Food Depository is responsible for supplying food boxes for needy families in Chicago and fresh produce to homeless shelters throughout Chicago. For the food boxes, the costs for food, materials, packaging, distribution and administration are reimbursed by the Department of Family and Support Services at a flat rate per box upon shipment from the Food Depository. The Department of Family and Support Services reimburses the fresh produce at cost. Food and supplies on hand are classified as inventory on the statement of financial position. The program provides credits to agencies mutually selected by the city and the Food Depository to access food through the Food Depository's existing network. The city refers clients to these agencies to access food. A reduced number of food boxes is provided to the city.

*The Emergency Food and Shelter National Board Program of the Federal Emergency Management Agency (FEMA)* – The Food Depository purchases and distributes food high in protein and staples, without service fees, to eligible agencies. These foods complement contributed products.

*The Illinois Department of Human Services Distribution of United States Department of Agriculture (USDA) Food Commodities Program* – The Food Depository receives USDA commodities and distributes them to certain qualified agencies without service fees.

*The Illinois Department of Human Services Distribution of United States Department of Health and Human Services Temporary Assistance to Needy Families Program* – The Food Depository receives funding to purchase commodities and distributes them to certain qualified agencies without service fees.

*Illinois State Board of Education Child and Adult Care Food Program and Summer Food Service Program* – The Food Depository provides kid cafes with meals served to children through summer food programs and after-school programs.

*SNAP/Food Stamp Outreach Program* – The Food Depository is a member of the Illinois State SNAP Outreach Plan, which is administered by the Illinois Department of Human Services and the U.S. Department of Agriculture.

*AmeriCorps State/National Program* – The Food Depository hosts AmeriCorps members through Serve Illinois and the Corporation for National

and Community Service. The individuals are placed in the Greater Chicago Food Depository or member agencies and are utilized to assist with veteran pantry operations and outreach, SNAP outreach and children's programming.

*CEDA Family Nutrition Program* – The objective of the Family Nutrition Program is to increase the self sufficiency of low-income persons in suburban Cook County by providing them with access to fresh, nutritious produce.

*The Cook County Coronavirus Relief Funds Program* - The Food Depository receives assistance to support food distribution sites and partnerships in the south and west suburban regions of Cook County through food procurement, by increasing cold storage capacity, and partnership development and capacity building to increase food access.

Government fees and grants are subject to audits by the respective government agencies.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### 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, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### BASIS OF PRESENTATION

The Food Depository's financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the organization as a whole and to present balances and transactions in accordance with the existence or absence of donor-imposed restrictions. The Food Depository maintains its financial accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives of the Food Depository.

The Food Depository classifies its net assets and related activity as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions

*Net assets with donor restrictions* – Net assets that are subject to donor-imposed restrictions that will be met either by actions of the Food Depository and/or the passage of time, or net assets that are subject to donor-imposed restrictions that they be maintained in perpetuity.

#### REVENUE AND PUBLIC SUPPORT

Contributions, contributed food, and fees and grants from government agencies are subject to Subtopic No. 958-605, Not-for-Profit Entities - Revenue Recognition.

Public support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flow. Conditional promises are recorded when donor stipulations are substantially met. Contributions are recorded net of allowances. An allowance for doubtful pledges receivable is provided based on management's judgment, including factors such as prior collection history, the type of contribution, and the nature of fundraising activity.

## NOTES TO FINANCIAL STATEMENTS – June 30, 2021 and 2020

Contributions received with donor-imposed restrictions are reported as revenue of the net assets with donor restrictions asset class. Net assets with donor restrictions released from restriction primarily relate to expenditures incurred for capital additions and program services. Contributions of land, building, and equipment without donor-imposed restrictions concerning the use of such long-lived assets are reported as revenue of the net assets without donor restrictions asset class.

Revenue from contributed food received, as well as the related contributed food distributed expense and the contributed food inventory accounts, is estimated using the Food Depository's respective pounds of food at a weighted-average wholesale price per pound by product category, as determined by Feeding America. The Food Depository treats contributed food as contributions without donor restrictions and records the revenue upon receipt based on the pounds of food contributed during the year.

Revenue from government grants and contract agreements is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Food Depository has incurred expenditures in compliance with specific contract or grant provisions. Any government grants received prior to incurring qualifying expenditures are reported as refundable advances and recorded as deferred revenue on the statement of financial position. Management determines the allowances for doubtful accounts on grant receivables by reviewing and identifying troubled accounts on a monthly basis and by using historical experience. Grant receivables are written off when deemed uncollectible. The Food Depository did not record an allowance on its grant receivables, as it expects to receive outstanding amounts due subsequent to fiscal year end.

### AGENCY PURCHASES REVENUE RECOGNITION

Agency purchases revenue is the only revenue stream applicable under ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). Agency purchases consist of revenue from the Food Depository's purchased food program. In the purchased food program, the Food Depository buys certain commodities and distributes them to agencies at cost or below cost. Revenue is recognized at the point in time in which the agency receives the food, as that is the point in time the Food Depository satisfies the performance obligation. Effective March 2020, the Food Depository no longer charges agencies for food distributed.

In certain programs, donor contributions and service contributions received for agencies are recognized as credits upon receipt and are recognized as revenue when the agencies utilize the credit. These credits are recorded as deferred revenue on the statement of financial position.

### DONATED GOODS AND SERVICES

Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value.

Donated legal services have been recorded in the statement of activities and changes in net assets in the amount of \$337,732 and \$346,362 for the years ended June 30, 2021 and 2020, respectively.

Donated advertising and printing has been recorded in the statement of activities and changes in net assets in the amount of \$395,270 and \$257,302 for the years ended June 30, 2021 and 2020, respectively.

In-kind contributions discussed above are recorded in contributions and grants on the statement of activities and changes in net assets, and the corresponding expense is recorded in professional and contractual fees on the statement of functional expenses.

Donated fixed assets are reflected in the financial statements at their estimated values. There were no donated fixed assets for the years ended June 30, 2021 or 2020.

### CASH EQUIVALENTS

Cash and cash equivalents are composed primarily of available cash balances and highly liquid investments with maturities of three months or less when purchased. The Food Depository maintains a significant portion of its cash and cash equivalents at U.S. Bank; Bank of America, N.A.; and

Associated Bank. As of June 30, 2021 and 2020, the recorded cost plus accrued interest approximated fair value. The Food Depository maintains its cash and cash equivalents in bank deposit accounts that at times may exceed federally insured limits. The Food Depository has not experienced any losses in such accounts. The Food Depository believes it is not exposed to any significant credit risk on cash and cash equivalents.

### INVENTORY

Contributed food is valued on a modified first-in, first-out basis using a weighted-average wholesale price per pound. Food is distributed based on the earlier of the purchase date or expiration date. Feeding America provides a product valuation survey that details price per pound by product categories. The Food Depository uses this survey to calculate the weighted-average price per pound for its inventory by category.

Purchased food programs inventory includes the Food Depository's purchased food products valued at the lower of cost (first-in, first-out) or net realizable value. The Food Depository determines the net realizable value by comparing the cost of inventory items versus the expected agency fees. As of June 30, 2021 and 2020, the Food Depository recorded an allowance for inventory purchased intended for distribution at zero cost to agencies of \$3,076,900 and \$978,950, respectively.

### INVESTMENTS

Investments are reported at fair value. Investment income, including net realized and unrealized gains (losses), is reflected net of investment expenses in the statement of activities and changes in net assets as an increase (decrease) in net assets. Interest and dividend income is recorded on the accrual basis.

The Food Depository's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near future and will materially affect the amounts reported in the financial statements.

### LAND, BUILDING AND EQUIPMENT

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. All expenditures for fixed assets over \$5,000 are capitalized. Costs of maintenance and repairs are charged to expense when incurred.

### GRANTS EXPENSE AND PAYABLE

Grants are recorded as liabilities and expenses at the time the grant agreement is formalized. Grants payable consist of unconditional grants that have been approved as of June 30, 2021 and are included in accrued expenses on the statement of financial position. The grants payable balance is expected to be paid in less than one year. Grants expense in the amount of \$7,374,098 and \$906,848 for the years ended June 30, 2021 and 2020, respectively, is recorded in member agencies development on the statement of functional expenses.

### FUNCTIONAL ALLOCATION OF EXPENSES

The 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. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amount.

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Food Depository. Those expenses and the allocation methods used for each are described as follows:

- Occupancy and utility costs – Square footage by building function
- Building, maintenance and renovation expense – Square footage by building function
- Depreciation – Square footage by building function

## NOTES TO FINANCIAL STATEMENTS – June 30, 2021 and 2020

### FEDERAL INCOME TAXES

The Food Depository is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Food Depository and recognize a tax liability if the Food Depository has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Food Depository and has concluded that, as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Food Depository is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

On March 9, 2020, the governor of Illinois declared all counties in the state of Illinois to be disaster areas and issued a stay-at-home executive order effective March 21, 2020 (Executive Order 2020-10). This stay-at-home executive order was then lifted on May 28, 2020. In addition, travel restrictions were put in place across the United States. The Food Depository has responded to the outbreak by transitioning some staff to work at home. Other than this, the Food Depository has remained open and operational.

No impairments were recorded as of the statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Food Depository's activities, functional expenses, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time. However, the Food Depository is seeing increases in need among individuals who were coping with poverty before COVID-19, as well as increases among individuals who are unemployed, furloughed, or displaced as a result of the outbreak. The need and demand for food assistance remains above prepandemic levels. As a result of the the Coronavirus Aid, Relief, and Economic Security Act, the Food Depository received additional funding in 2021 to help address this increased need.

### UPCOMING ACCOUNTING PRONOUNCEMENT

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions charities and other not-for-profit organizations receive, known as gifts-in-kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the Food Depository's year ending June 30, 2022 and will be applied using the retrospective method.

### RECLASSIFICATION

Certain 2020 amounts on the statement of activities and changes in net assets have been reclassified to conform to the 2021 presentation.

### SUBSEQUENT EVENTS

The financial statements and related disclosures include evaluation of events up through and including September 23, 2021, which is the date the financial statements were available to be issued.

### NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Food Depository's financial assets available within one year of June 30 for general expenditure are as follows::

	2021	2020
Cash and cash equivalents	\$ 9,202,263	\$ 9,519,593
Grants and accounts receivable - Net	5,222,686	1,552,934
Pledges receivable - Net	2,503,569	1,174,663
Investments	57,467,230	20,000,000
<b>TOTAL</b>	<b>\$ 74,395,748</b>	<b>\$ 47,401,409</b>

The pledges receivable are subject to implied time restrictions, but the amount reported above is expected to be collected within one year. The pledges receivable above do not have purpose restrictions.

The Food Depository's endowment funds consist of donor-restricted endowments and a board-designated quasi endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 10, the board-designated quasi endowment has a spending rate of 5 percent. As of June 30, 2021, the Food Depository has not budgeted to make any appropriations from the board-designated quasi endowment to be available within the next 12 months.

As part of the Food Depository's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Food Depository has a committed line of credit in the amount of \$30,000,000, all of which it could draw upon as of June 30, 2021. Additionally, the Food Depository has a board-designated quasi endowment of approximately \$68,800,000. Although the Food Depository does not intend to spend from its board-designated quasi endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated quasi endowment could be made available, if necessary.

### NOTE 4 – 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.

The following tables present information about the Food Depository's assets measured at fair value on a recurring basis at June 30, 2021 and 2020 and the valuation techniques used by the Food Depository to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Food Depository 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.

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 Depository's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

# NOTES TO FINANCIAL STATEMENTS – June 30, 2021 and 2020

## ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS AT JUNE 30, 2021

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
<b>ASSETS – INVESTMENTS</b>				
Equity funds	\$ 62,754,394	\$ —	—	\$ 62,754,394
Real estate funds	2,661,468	—	—	2,661,468
Fixed-income funds	52,040,432	—	—	52,040,432
Alternative assets funds	4,942,380	—	—	4,942,380
Commodity funds	793,792	—	—	793,792
<b>TOTAL INVESTMENTS</b>	<b>123,192,466</b>	<b>—</b>	<b>—</b>	<b>123,192,466</b>
<b>INVESTMENTS RESTRICTED FOR INVESTMENT IN BUILDING AND EQUIPMENT</b>				
Fixed-Income funds	102,794	—	—	1,025,827
Corporate bonds	—	923,033	—	923,033
<b>TOTAL INVESTMENTS</b>	<b>102,794</b>	<b>923,033</b>	<b>—</b>	<b>1,025,827</b>
<b>TOTAL ASSETS</b>	<b>\$ 123,295,260</b>	<b>\$ 923,033</b>	<b>—</b>	<b>\$ 124,218,293</b>

## ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS AT JUNE 30, 2020

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
<b>ASSETS – INVESTMENTS</b>				
Equity funds	\$ 25,142,049	\$ —	\$ —	\$ 25,142,049
Real estate funds	793,589	—	—	793,589
Fixed-income funds	21,937,096	—	—	21,723,957
Alternative assets funds	2,723,957	—	—	2,723,957
Money market funds	1,534,838	—	—	1,534,838
Corporate bonds	—	9,015,944	—	9,015,944
International bonds	—	236,779	—	236,779
<b>TOTAL INVESTMENTS</b>	<b>53,105,176</b>	<b>53,105,176</b>	<b>—</b>	<b>62,267,899</b>
<b>INVESTMENTS RESTRICTED FOR INVESTMENT IN BUILDING AND EQUIPMENT</b>				
Corporate bonds	—	1,654,941	—	1,654,941
<b>TOTAL ASSETS</b>	<b>\$ 53,015,176</b>	<b>\$ 10,907,664</b>	<b>\$ —</b>	<b>\$ 63,922,840</b>

Not included in the tables above are cash and accrued interest held in investments of \$3,150,004 and \$15,868,718 as of June 30, 2021 and 2020, respectively. Additionally, not included in the tables above are cash and accrued interest held in investments restricted for investment in building and equipment of \$3,743,269 and \$0 as of June 30, 2021 and 2020, respectively.

### LEVEL 1 INPUTS

Fair values for the equity funds, real estate funds, fixed-income funds, alternative asset funds, commodity funds, and money market funds were based on quoted market prices.

### LEVEL 2 INPUTS

Fair values for corporate bonds and international bonds were based on quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

## NOTE 5 – PLEDGES RECEIVABLE

The Food Depository discounted contributions due in more than one year using a rate of 1.45 and 0.66 percent as of June 30, 2021 and 2020, respectively.

Pledges receivable consist of the following as of June 30:

	2021	2020
Pledges receivable	\$ 7,748,566	\$ 9,045,844
Less discounts to net present value	(137,545)	(113,799)
Less allowance for uncollectible pledges	(4,937)	—
<b>TOTAL</b>	<b>7,606,084</b>	<b>8,932,045</b>
Less current portion	(4,337,562)	(2,551,035)
<b>LONG-TERM PORTION</b>	<b>\$ 3,268,522</b>	<b>\$ 6,381,010</b>

Scheduled annual payments on pledges are as follows:

2022	\$ 4,332,625
2023	1,801,009
2024	1,471,978
2025	472

**TOTAL \$ 7,606,084**

Pledges receivable amounts shown above include \$4,804,583 and \$7,993,618 of Nourish Capital Campaign pledges outstanding as of June 30, 2021 and 2020, respectively, that are included in assets restricted for investment in building and equipment on the statement of financial position.

## NOTE 6 – NOURISH CAPITAL CAMPAIGN

In 2018, the Food Depository launched the Nourish Capital Campaign. The campaign seeks to raise approximately \$75 million to support capital improvements to the existing food depository facility and expansion of the facility to expand programmatic capabilities. During fiscal years 2021 and 2020, the campaign activity consisted of the following:

	2021	2020
Beginning balance	\$ 7,993,618	\$ 10,865,676
Cash donations	4,289,843	5,411,884
Pledges received	1,000,000	9,700,000
Payments on pledges	(4,197,242)	(3,612,756)
Change in net present value discount	8,206	(76,179)
<b>NOURISH CAPITAL CAMPAIGN CONTRIBUTIONS</b>	<b>9,094,425</b>	<b>22,288,625</b>
Campaign fund expenditures	(1,175,687)	(14,295,007)
<b>NET ASSETS DONOR RESTRICTED FOR NOURISH CAPITAL CAMPAIGN</b>	<b>7,918,738</b>	<b>7,993,618</b>
Plus campaign expenditures not yet paid	1,654,941	1,654,941
<b>TOTAL ASSETS RESTRICTED FOR INVESTMENT IN BUILDING AND EQUIPMENT</b>	<b>\$ 9,573,679</b>	<b>\$ 9,648,559</b>

Cash, investments, and pledges raised through the Nourish Capital Campaign are restricted for the purposes noted above. Those restrictions are considered to expire as the assets constructed are placed in service or as payments are made related to the campaign. As disclosed in Note 9, the Food Depository had \$7,918,738 restricted for campaign purposes, of which \$3,114,155 was invested and \$4,804,583 was for pledges outstanding as of June 30, 2021. As of June 30, 2020, the Food Depository had \$7,993,618 restricted for campaign purposes, all of which was for pledges outstanding.

Campaign expenditures not yet paid include amounts currently invested to pay for future environmental remediation costs owed. See Note 13 for further information.

As further described in Note 8, the Food Depository has a \$30,000,000 line of credit agreement to provide liquidity during the campaign process. On July 30, 2021, the Food Depository amended the line of credit to decrease the maximum available borrowings to \$20,000,000.

## NOTE 7 – LAND, BUILDING AND EQUIPMENT

The cost of land, building and equipment as of June 30, 2021 and 2020 are summarized as follows:

	2021	2020	Depreciable Life – Years
Land	\$ 11,462,739	\$ 11,462,739	—
Building and building improvements	23,367,224	23,362,603	5-40
Equipment	15,797,412	14,624,709	3-10
Construction in progress	2,150,881	1,975,758	—
<b>TOTAL COST</b>	<b>52,778,256</b>	<b>51,425,809</b>	
Accumulated depreciation	14,659,563	12,750,798	
<b>NET PROPERTY AND EQUIPMENT</b>	<b>\$ 38,118,693</b>	<b>\$ 38,675,011</b>	

Depreciation expense for 2021 and 2020 was \$2,388,155 and \$1,558,712, respectively. As of June 30, 2021 and 2020, there were no remaining

## NOTES TO FINANCIAL STATEMENTS – June 30, 2021 and 2020

commitments on construction in progress, as construction was paused due to COVID-19.

In 2020, the Food Depository wrote off \$12,174,403 of building and equipment assets no longer in service due to the capital improvements to the Food Depository facility (see Note 6). Accumulated depreciation on those assets amounted to \$6,447,169, for a net loss on disposal of \$5,727,234 recorded as nonoperating expense on the statement of activities and changes in net assets. There were no write-offs of building and equipment assets associated with the Food Depository facility in 2021.

### NOTE 8 – LINE OF CREDIT

The Food Depository entered into a line of credit agreement with Bank of America, N.A. on April 11, 2018. Per the agreement, the Food Depository had maximum available borrowings of \$20,000,000. On April 23, 2020, the Food Depository amended the line of credit agreement to increase the maximum available borrowings to \$30,000,000. As of June 30, 2021 and 2020, the outstanding borrowings on this line of credit were \$0 and \$10,739,560, respectively. Interest is payable monthly at LIBOR plus 1.15 percent (an effective rate of 1.9 and 2.40 percent at June 30, 2021 and 2020, respectively). Interest expense for the years ended June 30, 2021 and 2020 was \$149,233 and \$287,417, respectively, all of which was capitalized to the Nourish Capital Campaign. The line of credit is unsecured. Under the agreement with Bank of America, N.A., the Food Depository is subject to certain covenants, including meeting a minimum liquidity ratio and maintaining a positive change in net assets without donor restrictions. On July 30, 2021, the Food Depository amended the line of credit to decrease the maximum available borrowings to \$20,000,000, and the line of credit was also extended through July 31, 2022.

Under the line of credit agreement, Bank of America, N.A., on behalf of the Food Depository, can issue up to \$1,000,000 of letters of credit, with the amounts issued and outstanding to be a reduction to the availability of the line of credit. The Food Depository had no letters of credit outstanding as of June 30, 2021 and 2020.

### NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 are restricted for the following purposes:

	2021	2020
<b>PURPOSE RESTRICTIONS</b>		
Children's program	\$ 46,560	\$ 115,331
Food purchasing	122,340	17,037
Starbucks FoodShare program	577,864	1,190,637
Mobile pantry program	10,000	49,500
Older adults' program	50,000	10,000
Chicago's Community Kitchens	—	33,199
Share Our Strength	361,059	198,241
Nourish Capital Campaign	3,114,155	—
SNAP Outreach	223,196	—
Agency initiatives	2,007,961	37,424
Other	1,372,748	276,555
<b>TOTAL PURPOSE RESTRICTIONS</b>	<b>7,885,883</b>	<b>1,927,924</b>
Time restrictions – Pledges receivable	648,580	478,785
<b>TIME AND PURPOSE RESTRICTIONS</b>		
Children's program	—	3,140
Older adults' program	130,000	80,000
Chicago's Community Kitchens	—	15,000
Nourish Capital Campaign	4,804,583	7,993,618
SNAP Outreach	645,421	—
Other	1,377,500	361,501
<b>TOTAL TIME AND PURPOSE RESTRICTIONS</b>	<b>6,957,504</b>	<b>8,453,259</b>
Not subject to appropriation or expenditure – Freedom from Hunger Fund Endowment (Note 10)	38,374	38,374
<b>TOTAL</b>	<b>\$ 15,530,341</b>	<b>\$ 10,898,342</b>

Net assets with donor restrictions with purpose restrictions represent cash received that is restricted by the donor for specific purposes. Net assets with donor restrictions with time restrictions represent pledge receivables as of June 30, 2021. Net assets with donor restrictions with time and purpose restrictions represent pledge receivables as of June 30, 2021 that are also restricted by the donor for specific purposes. See Note 10 for a description of net assets with donor restrictions not subject to appropriation or expenditure.

### NOTE 10 – DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS

The Food Depository's endowment includes one donor-restricted endowment fund and two funds designated by the board of directors to function as endowments. The Food Depository's Founders' Fund represents one of the board-designated endowments. The Freedom from Hunger Fund consists of both board-designated and donor-restricted endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The objectives of the Founders' Fund and the board-designated Freedom from Hunger Fund endowments are (1) to provide a pool of capital that is managed for long-term investment, (2) to provide an identified portion of the fund to be applied toward the annual operating budget, and (3) to be a potential source of funds for targeted capital projects.

The objectives of the permanently restricted Freedom from Hunger Fund endowment are (1) to provide a pool of capital that is managed for long-term investment and (2) to be a source of funds of interest revenue that is to be used to purchase produce. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

### INTERPRETATION OF RELEVANT LAW

The Food Depository is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because these net assets are time restricted until the board of directors appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Food Depository has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Food Depository considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Food Depository has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with SPMIFA, the Food Depository considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Food Depository and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Food Depository
- The investment policies of the Food Depository

## NOTES TO FINANCIAL STATEMENTS – June 30, 2021 and 2020

### ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Founders' Fund Endowment	\$ 68,399,049	\$ —	\$ 68,399,049
Freedom from Hunger Fund endowment – Board designated	475,072	—	475,072
Freedom from Hunger Fund endowment – Donor restricted	—	38,374	38,374
<b>TOTAL FUNDS</b>	<b>\$ 68,874,121</b>	<b>\$ 38,374</b>	<b>\$ 68,912,495</b>

### CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets – Beginning of year	\$ 47,217,444	\$ 38,374	\$ 47,255,818
Investment return – Net of expenses	11,776,039	—	11,776,039
Board transfers	9,880,638	—	9,880,638
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 68,874,121</b>	<b>\$ 38,374</b>	<b>\$ 68,912,495</b>

### ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Founders' Fund Endowment	\$ 46,742,372	\$ —	\$ 46,742,372
Freedom from Hunger Fund endowment – Board designated	475,072	—	475,072
Freedom from Hunger Fund endowment – Donor restricted	—	38,374	38,374
<b>TOTAL FUNDS</b>	<b>\$ 47,217,444</b>	<b>\$ 38,374</b>	<b>\$ 47,255,818</b>

### CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets – Beginning of year	\$ 50,413,818	\$ 38,374	\$ 50,452,192
Investment return – Net of expenses	533,568	—	533,568
Board transfers	3,883,076	—	3,883,076
Appropriation of endowment assets for expenditure	(7,613,018)	—	(7,613,018)
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 47,217,444</b>	<b>\$ 38,374</b>	<b>\$ 47,255,818</b>

### FUNDS WITH DEFICIENCIES

As of June 30, 2021 and 2020, there were no funds with deficiencies.

### RETURN OBJECTIVES AND RISK PARAMETERS

The Food Depository 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 Depository must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce an average rate of return that allows the growth of the fund's assets to be sufficient to offset or exceed inflation plus required spending and investment management fees. Actual returns in any given year may vary from this amount.

### STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Food Depository 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 Depository 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

The Food Depository has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value at the end of the prior three calendar years preceding the fiscal year in which the distribution is planned. In establishing this policy, the Food Depository considered the long-term expected return on its endowment. Accordingly, over the long term, the Food Depository expects the current spending policy to allow its endowment to grow at a rate sufficient to offset or exceed inflation, plus required spending, and investment management fees. This is consistent with

the Food Depository's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The Food Depository has a policy that permits spending from underwater endowment funds, depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. In 2020, the Food Depository issued a one-time special appropriation of \$5,400,000. In 2021, there was no special appropriation or any appropriation of endowment assets.

### NOTE 11 – EMPLOYEE BENEFIT PLAN

The Food Depository sponsors a defined contribution retirement plan for all employees. Employees are subject to a graded vesting schedule and are 100 percent vested when they reach six years of service. The plan was amended as of March 1, 2014. Effective with the plan year beginning on July 1, 2014, there are two special service requirements in order to receive an employer contribution: (1) complete a year of service and (2) be employed by the Food Depository on the last day of the plan year (June 30, 2021). The Food Depository made a contribution of \$723,802 and \$676,992 for the fiscal years ended June 30, 2021 and 2020, respectively.

### NOTE 12 – RELATED PARTY TRANSACTIONS

The Food Depository has a conflict of interest policy whereby board members must advise the board of directors of any direct or indirect material interest in any transaction or relationship with the Food Depository and not participate in discussions and decisions regarding any action affecting their individual, professional or business interests.

### NOTE 13 – ENVIRONMENTAL REMEDIATION LIABILITY

The Food Depository recognizes liabilities for environmental remediation costs when such obligations are probable and reasonably estimable. On December 3, 2018, the Food Depository purchased land at 4200 W. Ann Lurie Place. As a result of the purchase, the Food Depository performed an environmental study that indicated that further action is needed to meet standards set by the Illinois Environmental Protection Agency and allow for building construction. As of June 30, 2021 and 2020, the estimate of the environmental remediation liability was \$1,654,941 and is recorded in accrued expenses on the statement of financial position.

# FROM HUNGRY TO HOPEFUL™

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