

2023 ANNUAL REPORT



**GREATER
CHICAGO
- FOOD -
DEPOSITORY.**

THE YEAR OF MORE

Dear Friends and Supporters,

When we look back at fiscal year 2023, we are inspired by what we accomplished together. The results fill us with hope for the future as we continue our journey to create a more resilient and equitable emergency food system and a hunger-free community. It truly was the year of more.

The Greater Chicago Food Depository remained a stable force for our neighbors at risk of hunger, providing food and hope to families, children, older adults and veterans across Cook County. Together with our partners, we served hundreds of thousands of neighbors amid rising inflation, elevated food prices and the expiration of pandemic-era public assistance programs.

We ramped up our strategies to address the root causes of hunger – poverty, systemic inequity and structural racism – by deepening our investments in historically disinvested communities with partnerships that create economic opportunity and jobs, while evolving our advocacy work to elevate and center the voices of people who have experienced food insecurity. At the same time, we continued our workforce development programs and connected thousands of households to vital public benefits.

And there's more.

As the number of asylum seekers arriving from the southern U.S. border continued to rise, the Food Depository responded to a heightened need for food, swiftly answering the calls from the State of Illinois and City of Chicago to help feed our newest neighbors.

We resumed construction on our new 40,000 square-foot facility expansion where the bulk of our future prepared meals work will be performed. When fully operational in early 2024, the facility will dramatically increase our capacity to create and distribute nutritious prepared meals to our most at-risk neighbors. This is in addition to the quality meals that we're sourcing from minority-owned vendors as part of our commitment to lifting up diverse businesses.

We're investing in our infrastructure to ensure we remain ready to respond in times of elevated need. We are laying the groundwork to modernize our warehouse operations, including upgrading our inventory management systems that will enable us to serve our partners and neighbors more efficiently and nimbly. And we are taking steps to invest in areas that will move the needle on our mission.

All this work is made possible by supporters like you. Thanks to you, we can provide a lifeline for our neighbors during times of difficulty. Thanks to you, we are making headway in breaking down the barriers that have prevented so many historically disinvested communities from accessing the resources they need to thrive. And thanks to you, we are well positioned to do even more impactful work in the years to come.

Together we can end hunger. On behalf of all of us at the Food Depository and all the people we serve, thank you for your partnership.



Kate Maehr
CEO & Executive Director
Greater Chicago Food Depository



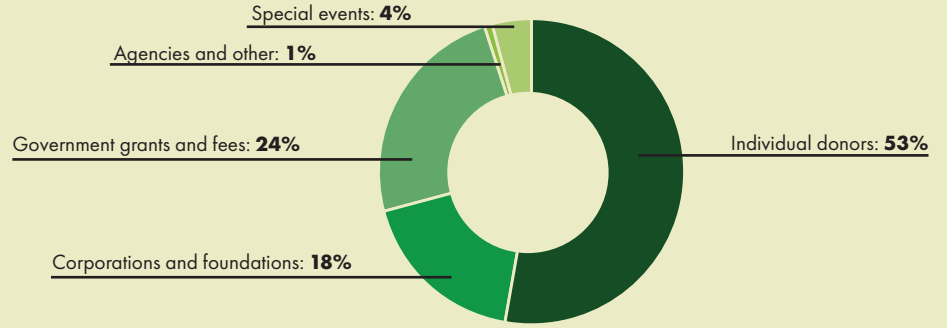
Marc Paulhus
Chair of the Board
Greater Chicago Food Depository

TABLE OF CONTENTS

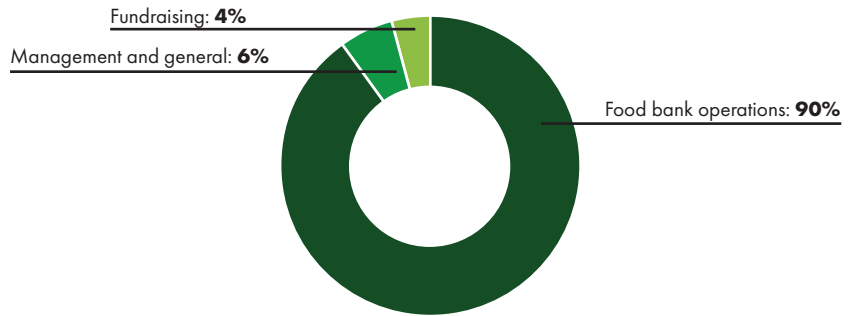
Internal Statement of Activities	3
Independent Auditor’s Report	4
Financial Statements	
Statement of Financial Position	6
Statement of Activities and Changes in Net Assets	7-8
Statement of Functional Expenses	9-10
Statement of Cash Flows	11
Notes to Financial Statements	12-17

INTERNAL STATEMENT OF ACTIVITIES

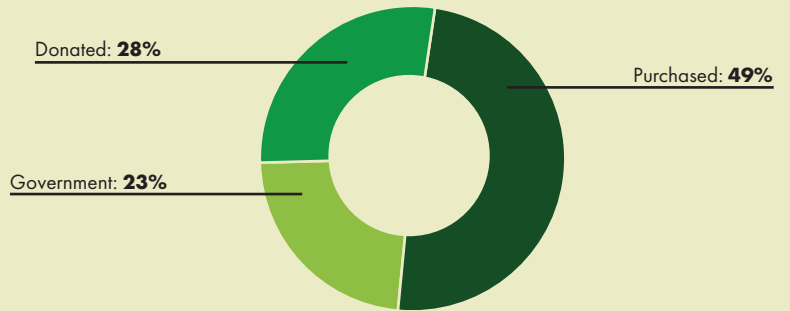
WHERE OUR FUNDING COMES FROM



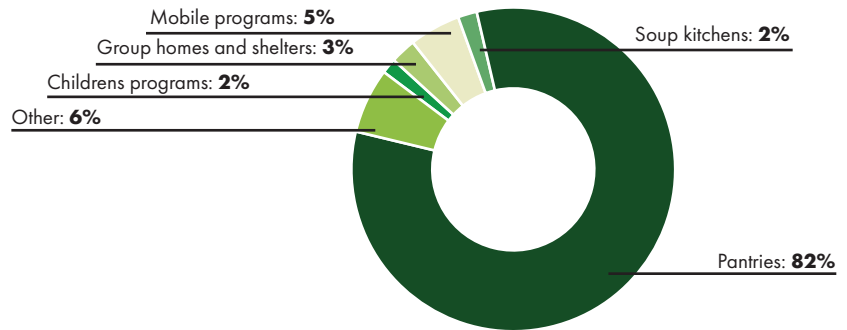
HOW WE USE OUR RESOURCES



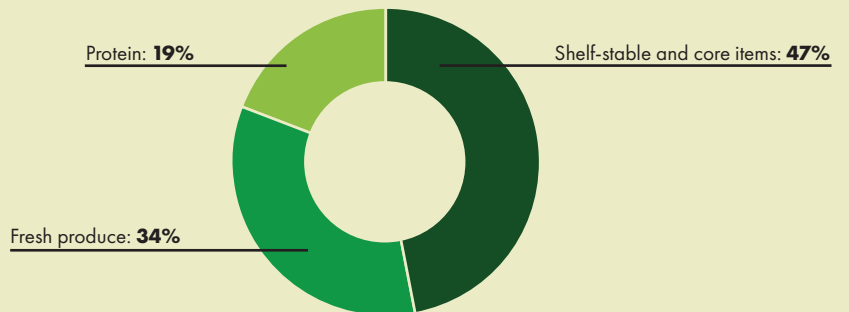
WHERE OUR FOOD COMES FROM



WHERE OUR FOOD GOES



WHAT TYPES OF FOOD WE DISTRIBUTE



Independent Auditor's Report

To the Board of Directors
Greater Chicago Food Depository

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Greater Chicago Food Depository (the "Food Depository"), which comprise the statement of financial position as of June 30, 2023 and 2022 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 Depository as of June 30, 2023 and 2022 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 Depository and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food Depository'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
Greater Chicago Food Depository

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 Depository'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 Depository'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 September 25, 2023 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 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 Depository'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 Depository's internal control over financial reporting and compliance.



September 25, 2023

STATEMENT OF FINANCIAL POSITION – June 30, 2023 and 2022

	JUNE 30	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,792,959	\$ 6,484,884
INVESTMENTS		
Securities	94,772,774	115,426,174
Receivables		
Grants and accounts receivable - Net	7,677,573	9,741,270
Pledges receivable - Net	8,113,581	5,022,684
Inventory		
Contributed food	14,916,546	17,525,243
Purchased food programs - Net	2,062,516	3,158,901
Other assets	1,480,026	1,123,712
LAND, BUILDING AND EQUIPMENT		
Net of accumulated depreciation	59,917,921	36,284,711
TOTAL ASSETS	\$ 205,203,000	\$ 197,112,141
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,159,549	\$ 2,146,791
Accrued expenses	8,802,210	5,133,718
Deferred revenue	830,948	894,296
Lease obligation payable	1,469,104	2,292,881
TOTAL LIABILITIES	12,430,863	9,573,3909
NET ASSETS		
Without donor restrictions		
Operating and contributed food	107,886,207	100,640,8199
Board-designated endowments	60,652,767	68,324,671
TOTAL WITHOUT DONOR RESTRICTIONS	168,538,974	168,965,490
With donor restrictions	24,233,163	18,573,261
TOTAL NET ASSETS	192,772,137	187,538,751
TOTAL LIABILITIES AND NET ASSETS	\$ 205,203,000	\$ 197,112,141

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – Year ended June 30, 2023

	WITHOUT DONOR RESTRICTIONS			WITH DONOR RESTRICTIONS	TOTAL
	FOOD BANK	CONTRIBUTED FOOD	TOTAL		
PUBLIC SUPPORT AND REVENUE					
PUBLIC SUPPORT					
Contributions and grants	\$ 48,308,048	\$ —	\$ 48,308,048	\$ 8,792,971	\$ 57,101,019
Contributions – <i>Nourish</i> Capital Campaign	—	—	—	6,673,153	6,673,153
Contributed nonfinancial assets	1,570,521	—	1,570,521	—	1,570,521
Contributed food received	-	75,918,378	75,918,378	—	75,918,378
Satisfaction of restrictions	9,806,222	-	9,806,222	(9,806,222)	—
REVENUE					
Fee and grants from government agencies	18,490,620	39,564,931	58,055,551	—	58,055,551
Other income	1,372,652	-	1,372,652	—	1,372,652
Investment income, net of investment expenses	5,763,474	-	5,763,474	—	5,763,474
TOTAL PUBLIC SUPPORT AND REVENUE	85,311,537	115,483,309	200,794,846	5,659,902	206,454,748
OPERATING EXPENSES					
Food bank operations	62,642,372	—	62,642,372	—	62,642,372
Contributed food distributed	—	118,104,399	118,104,399	—	118,104,399
TOTAL PROGRAM EXPENSES	62,642,372	118,104,399	180,746,771	—	180,746,771
Management and general	12,310,802	—	12,310,802	—	12,310,802
Fundraising	8,163,789	—	8,163,789	—	8,163,789
TOTAL OPERATING EXPENSES	83,116,963	118,104,399	201,221,362	—	201,221,362
NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS	2,194,574	(2,621,090)	(426,516)	5,659,902	5,233,386
NET ASSETS – Beginning of year	151,455,538	17,509,952	168,965,490	18,573,261	187,538,751
NET ASSETS – END OF YEAR	\$ 153,650,112	\$ 14,888,862	\$ 168,538,974	\$ 24,233,163	\$ 192,772,137

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – Year ended June 30, 2022

	WITHOUT DONOR RESTRICTIONS			WITH DONOR RESTRICTIONS	TOTAL
	FOOD BANK	CONTRIBUTED FOOD	TOTAL		
PUBLIC SUPPORT AND REVENUE					
PUBLIC SUPPORT					
Contributions and grants	\$ 52,248,203	\$ —	\$ 52,248,203	\$ 7,988,514	\$ 60,236,717
Contributions – <i>Nourish</i> Capital Campaign	—	—	—	3,488,513	3,488,513
Contributed nonfinancial assets	562,870	—	562,870	—	562,870
Contributed food received	—	50,383,111	50,383,111	—	50,383,111
Satisfaction of restrictions	8,434,107	—	8,434,107	(8,434,107)	—
REVENUE					
Fee and grants from government agencies	20,618,638	41,977,061	62,595,699	—	62,595,699
Other income	728,040	—	728,040	—	728,040
Investment losses, net of investment expenses	(16,419,641)	—	(16,419,641)	—	(16,419,641)
TOTAL PUBLIC SUPPORT AND REVENUE	66,172,217	92,360,172	158,532,389	3,042,920	161,575,309
OPERATING EXPENSES					
Food bank operations	64,501,683	—	64,501,683	—	64,501,683
Contributed food distributed	—	97,980,092	97,980,092	—	97,980,092
TOTAL PROGRAM EXPENSES	64,501,683	97,980,092	162,481,775	—	162,481,775
Management and general	12,456,005	—	12,456,005	—	12,456,005
Fundraising	7,217,127	—	7,217,127	—	7,217,127
TOTAL OPERATING EXPENSES	84,174,815	97,980,092	182,154,907	—	182,154,907
NET ASSETS					
(DECREASE) INCREASE IN NET ASSETS	(18,002,598)	(5,619,920)	(23,622,518)	3,042,920	(20,579,598)
NET ASSETS — Beginning of year	169,458,136	23,129,872	192,588,008	15,530,341	208,118,349
NET ASSETS – END OF YEAR	\$ 151,455,538	\$ 17,509,952	\$ 168,965,490	\$ 18,573,261	\$ 187,538,751

See Notes to Financial Statements.

STATEMENT OF FUNCTIONAL EXPENSES – Year ended June 30, 2023

	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL
	FOOD BANK PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries	\$ 12,728,025	\$ 4,426,746	\$ 3,160,535	\$ 20,315,306
Employee fringe benefits	3,214,260	1,458,212	618,698	5,291,170
TOTAL SALARIES AND RELATED EXPENSES	15,942,285	5,884,958	3,779,233	25,606,476
Cost of food sold	33,965,312	—	—	33,965,312
Member agencies development	5,104,121	176,443	—	5,280,564
Professional and contractual fees	1,212,472	4,002,031	229,119	5,443,622
Direct mail and special events	—	—	3,690,619	3,690,619
Trucking, freight, and storage	1,715,417	1,419	—	1,716,836
Equipment purchases, maintenance, and rental	468,967	87,626	—	556,593
Building maintenance and renovation expense	238,240	30,064	4,666	272,970
Employee development and recognition	151,459	316,772	15,805	484,036
Printing, postage, and office supplies	190,540	364,408	79,617	634,565
Occupancy and utility costs	356,635	5,970	927	363,532
License, service fees, and subscriptions	477,230	699,940	344,019	1,521,189
Insurance	312,929	353,299	—	666,228
Telecommunications and IT	52,587	200,273	560	253,420
Meetings, conferences, conventions, and local transportation	111,010	20,901	13,167	148,078
Miscellaneous	11,462	124,667	—	136,129
Contributed food distributed	118,104,399	—	—	118,104,399
Depreciation	2,331,706	39,031	6,057	2,376,794
TOTAL FUNCTIONAL EXPENSES	\$ 180,746,771	\$ 12,310,802	\$ 8,163,789	\$ 201,221,362

See Notes to Financial Statements.

STATEMENT OF FUNCTIONAL EXPENSES – Year ended June 30, 2022

	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL
	FOOD BANK PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries	\$ 11,932,650	\$ 4,340,960	\$ 2,606,141	\$ 18,879,751
Employee fringe benefits	2,875,178	1,321,833	492,201	4,689,212
TOTAL SALARIES AND RELATED EXPENSES	14,807,828	5,662,793	3,098,342	23,568,963
Cost of food sold	37,152,227	—	—	37,152,227
Member agencies development	2,963,669	92,827	14,250	3,070,746
Professional and contractual fees	805,850	4,505,883	184,463	5,496,196
Direct mail and special events	66,749	22,637	3,628,035	3,717,421
Trucking, freight, and storage	1,929,789	10,907	—	1,940,696
Equipment purchases, maintenance, and rental	547,564	166,951	—	714,515
Building maintenance and renovation expense	1,716,579	5,505	854	1,722,938
Employee development and recognition	234,232	484,417	16,804	735,453
Printing, postage, and office supplies	136,226	346,900	40,174	523,300
Occupancy and utility costs	440,554	7,375	1,144	449,073
License, service fees, and subscriptions	503,239	483,756	216,435	1,203,430
Insurance	226,953	315,126	—	542,079
Telecommunications and IT	64,964	190,244	1,840	257,048
Meetings, conferences, conventions, and local transportation	121,172	20,452	8,301	149,925
Miscellaneous	287,645	98,444	—	386,089
Contributed food distributed	97,980,092	—	—	97,980,092
Depreciation	2,496,443	41,788	6,485	2,544,716
TOTAL FUNCTIONAL EXPENSES	\$ 162,481,775	\$ 12,456,005	\$ 7,217,127	\$ 182,154,907

See Notes to Financial Statements.

STATEMENT OF CASH FLOWS – Years Ended June 30, 2023 and 2022

	JUNE 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 5,233,386	\$ (20,579,598)
ADJUSTMENTS TO RECONCILE INCREASE (DECREASE) IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES:		
Increase (decrease) in allowance for uncollected pledges and discount to net present value	345,628	(4,090)
(Decrease) increase in allowance for grants receivable	(8,757,499)	8,748,158
(Decrease) in reserve for purchased inventory	—	(3,046,796)
Depreciation	2,376,794	2,544,716
Gain on sale and disposal of fixed assets	(23,500)	(13,500)
Decrease in inventory - Contributed food	2,608,697	5,604,629
Donated investments	(2,289,810)	(2,441,140)
Unrealized and realized (gain) loss on investments	(3,079,984)	18,950,538
Nourish Capital Campaign contributions	(6,673,153)	(3,488,513)
Noncash lease expense	51,681	(51,681)
Donated fixed assets	(810,667)	—
Gain on reduction in environmental remediation liability	(679,568)	—
CHANGES IN OPERATING ASSETS AND LIABILITIES THAT PROVIDED (USED) CASH AND CASH EQUIVALENTS:		
Grants and accounts receivable	10,821,196	(13,266,742)
Pledges receivable	(46,377)	933,248
Inventory - Purchased food programs	1,096,385	1,635,083
Other assets	(356,314)	41,927
Accounts payable	(89,170)	(737,554)
Accrued expenses	(681,483)	(336,631)
Deferred revenue	—	(830,948)
NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	(953,758)	(6,338,894)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments - Securities	95,185,347	39,375,561
Purchase of investments - Securities	(69,162,153)	(40,199,567)
Proceeds from sale and disposal of fixed assets	23,500	13,500
Purchase of fixed assets	(20,067,866)	(710,734)
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) INVESTING ACTIVITIES	5,978,828	(1,521,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of <i>Nourish</i> Capital Campaign contributions	3,283,005	5,142,755
Net Increase (Decrease) in Cash and Cash Equivalents	8,308,075	(2,717,379)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,484,884	9,202,263
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 14,792,959	\$ 6,484,884
SIGNIFICANT NONCASH TRANSACTIONS		
Fixed assets in accounts payable and accrued expenses	\$ 5,131,471	—
See Notes to Financial Statements.		

NOTES TO FINANCIAL STATEMENTS – June 30, 2023 and 2022

NOTE 1 – NATURE OF BUSINESS

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 800 organizations and programs - food pantries, soup kitchens, mobile distributions, and other partners - working to bring food and hope to our neighbors at risk of hunger. The Food Depository addresses the root causes of hunger with job training, advocacy, benefits outreach, and other 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 net assets and programs is as 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 Endowment - Represents resources designated by the board of directors as a reserve account to support both the short-term and long-term financial needs of the Food Depository, including targeted capital projects, operational needs, programmatic growth, and other approved 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 provides grants to agencies and fresh produce to homeless shelters throughout Chicago. The grants are provided 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. The Department of Family and Support Services reimburses the fresh produce at cost, and it is distributed to homeless shelters. Holiday boxes are distributed to City of Chicago Centers, and the cost for food, materials, packaging, distribution, and administration is reimbursed by the Department of Family and Support Services at a flat rate per box upon shipment from the Food Depository. Food and supplies on hand are classified as inventory on the statement of financial position.

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 Commodity Supplemental Food Program (CSFP) - The Food Depository receives USDA commodities and distributes them to eligible persons to improve the health of low-income persons at least 60 years of age by supplementing their diets with nutritious USDA foods.

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.

The Illinois Department of Human Services Distribution of the Federal Emergency Management Agency FEMA Feeding Mission Program - The Food Depository purchases and distributes food and staples to qualified agencies without service fees to reduce food insecurities that arose from the COVID-19 pandemic. These foods complement contributed products.

The Cook County American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) - 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.

The Illinois Department of Human Services Distribution of the United States Department of Agriculture (USDA) SNAP to Success Program - The Food Depository receives assistance to provide individuals receiving SNAP nutrition benefits with employment and training services that help to provide a pathway to sustainable employment and lead to improved economic sustainability for individuals and families.

The Chicago Cook Workforce Partnership Distribution of the State of Illinois Department of Commerce and Economic Opportunity (DCEO) funding from the United States Department of Labor (DOL) Workforce Investment Act - The Food Depository provides workforce investment activities that increase the employment, retention, and earnings of dislocated workers, as well as increase occupational skill attainment by the participants.

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

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.

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

NOTES TO FINANCIAL STATEMENTS – June 30, 2023 and 2022

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 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.

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 recorded an allowance for one specific grant receivable in the amount of \$8,757,499 as of June 30, 2022. No allowance was recorded as of June 30, 2023, as the remaining balance of \$5,994,949 owed to the Food Depository was collected in full subsequent to year end. For all other grants receivable, the Food Depository expects to receive outstanding amounts due subsequent to fiscal year end.

CONTRIBUTED NONFINANCIAL ASSETS

Certain donated services are recognized as contributed nonfinancial assets 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 \$181,426 and \$229,556 for the years ended June 30, 2023 and 2022, respectively. The estimated fair value is based on current rates for similar legal services.

Donated advertising and printing has been recorded in the statement of activities and changes in net assets in the amount of \$529,821 and \$333,314 for the years ended June 30, 2023 and 2022, respectively. The estimated fair value is based on current rates for similar advertising and printing services.

The corresponding expense for these contributed nonfinancial assets is recorded in professional and contractual fees on the statement of functional expenses

For the year ended June 30, 2023, there were also general donations of equipment totaling \$48,607 and donated kitchen appliances for the new building totaling \$810,667. The estimated fair value is based on current prices of similar equipment and appliances.

See the Revenue and Public Support section above for further information regarding contributed food received that is presented separately on the statement of activities and changes in net assets.

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 various financial institutions. As of June 30, 2023 and 2022, 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.

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 cost (first-in, first-out).

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

Land, building, and equipment are recorded at cost when purchased or at fair value at the date of donation and are depreciated on a straight-line basis over their estimated useful lives. The Food Depository follows an approved capitalization policy that details the specifics of allowable fixed asset capital expenditures by category. The policy applies consistent methodology based on scope per asset classification of \$5,000 for equipment assets, \$50,000 for building improvement assets, and \$100,000 for software implementation assets, all subject to varying criteria. Costs of maintenance and repairs are charged to expense when incurred.

NOTES TO FINANCIAL STATEMENTS – June 30, 2023 and 2022

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, 2023 and 2022 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 \$5,038,746 and \$2,701,842 for the years ended June 30, 2023 and 2022, 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 program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting function 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

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, 2023 and 2022, 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.

SUBSEQUENT EVENTS

The financial statements and related disclosures include evaluation of events up through and including September 25, 2023, 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:

	2023	2022
Cash and cash equivalents	\$ 14,792,959	\$ 6,484,884
Grants and accounts receivable - Net	7,677,573	9,741,270
Pledges receivable - Net	1,098,594	1,984,370
Investments	33,904,517	40,155,173
Endowment assets appropriated for current use	3,400,000	3,100,000
TOTAL	\$ 60,873,643	\$ 61,465,697

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, 2023 and 2022, the Food Depository budgeted appropriations of approximately \$3,400,000 and \$3,100,000, respectively, 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 \$20,000,000, all of which was available to draw upon as of June 30, 2023. Additionally, the Food Depository has a board-designated quasi endowment of approximately \$60,700,000 and can make additional appropriations from this endowment for capital expenditures that are not considered part of general expenditures.

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.

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.

The following tables present information about the Food Depository's assets measured at fair value on a recurring basis at June 30, 2023 and 2022 and the valuation techniques used by the Food Depository to determine those fair values:

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS AT JUNE 30, 2023

	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, 2023
ASSETS – INVESTMENTS				
Equity funds	\$ 35,418,946	\$ –	–	\$ 35,418,946
Real estate funds	2,424,862	–	–	2,424,862
Fixed-income funds	43,584,795	–	–	43,584,795
Alternative assets funds	4,653,493	–	–	4,653,493
Commodity funds	345,068	–	–	345,068
TOTAL ASSETS	\$ 86,427,164			\$ 86,427,164

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS AT JUNE 30, 2022

	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, 2022
ASSETS – INVESTMENTS				
Equity funds	\$ 55,853,143	\$ –	–	\$ 55,853,143
Real estate funds	3,912,329	–	–	3,912,329
Fixed-income funds	41,831,090	–	–	41,831,090
Alternative assets funds	7,372,174	–	–	7,372,174
Commodity funds	1,084,995	–	–	1,084,995
TOTAL ASSETS	\$ 110,053,731			\$ 110,053,731

NOTES TO FINANCIAL STATEMENTS – June 30, 2023 and 2022

Not included in the tables above are cash and accrued interest held in investments of \$8,345,610 and \$5,372,443 as of June 30, 2023 and 2022, respectively.

LEVEL 1 INPUTS

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

NOTE 5 – PLEDGES RECEIVABLE

The Food Depository discounted contributions due in more than one year using a rate of 3.82 and 2.98 percent as of June 30, 2023 and 2022, respectively.

Pledges receivable consist of the following as of June 30:

	2023	2022
Pledges receivable	\$ 8,597,601	\$ 5,161,076
Less discounts to net present value	(484,020)	(138,392)
NET PLEDGES RECEIVABLE	\$ 8,113,581	\$ 5,022,684

Scheduled annual payments on pledges are as follows:

2024	\$ 5,012,101
2025	2,025,500
2026	1,330,000
2027	230,000
TOTAL	\$ 8,597,601

NOTE 6 – LAND, BUILDING, AND EQUIPMENT

The cost of land, building, and equipment as of June 30, 2023 and 2022 is summarized as follows:

	2023	2022	Depreciable Life – Years
Land	\$ 11,462,739	\$ 11,462,739	–
Building and building improvements	23,367,224	23,367,224	5-40
Equipment	17,167,015	16,370,578	3-15
Construction in progress	27,418,999	2,205,432	–
TOTAL COST	79,415,977	53,405,973	
Accumulated depreciation	19,498,056	17,121,262	
NET LAND, BUILDING, AND EQUIPMENT	\$ 59,917,921	\$ 36,284,711	

Depreciation expense for 2023 and 2022 was \$2,376,794 and \$2,544,716, respectively. As of June 30, 2023, there were remaining commitments on construction in progress of approximately \$21,500,000. As of June 30, 2022, there were no remaining commitments on construction in progress, as construction was paused due to COVID-19.

NOTE 7 – LINE OF CREDIT

The Food Depository entered into a line of credit agreement with Bank of America, N.A. on April 11, 2018 with maximum available borrowings of \$20,000,000. As of June 30, 2023 and 2022, there were no outstanding borrowings on this line of credit. Prior to July 30, 2021, interest was payable monthly at LIBOR plus 1.15 percent. Effective July 30, 2021, the interest rate is a rate per year equal to the sum of (i) the greater of the BSBY daily floating rate or the index floor (0 percent) and (ii) 1 percent. The line of credit is unsecured. Under the agreement with Bank of America, N.A., the Food Depository is subject to a certain covenant, including meeting a minimum liquidity ratio. On July 10, 2023, the Food Depository amended the line of credit to extend the maturity date through July 31, 2024.

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, 2023 and 2022.

NOTE 8 – OPERATING LEASES

The Food Depository has two classes of contractual arrangements identified as leases: vehicle and equipment leases. The vehicle leases class consists of 29 vehicle leases that generally have a term of seven years. The current fleet has starting dates ranging from fiscal year 2016 through fiscal year 2023, with end dates ranging from fiscal year 2023 through fiscal year 2028. The equipment leases class consists of one lease for a Xerox copier and printer equipment. The lease is for five years and will terminate in fiscal year 2025. The right-of-use asset and related lease liability have been calculated using a discount rate of 1.0 percent that represents the borrowing rate. The leases require the Food Depository to pay maintenance, licensing, fuel, and insurance costs. Total rent expense under these leases was \$963,980 and \$802,557 for 2023 and 2022, respectively.

The Food Depository made a policy election not to separate lease and nonlease components for vehicle leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2024	\$ 696,149
2025	434,858
2026	254,371
2027	90,979
2028	16,093
TOTAL	1,492,450
Less amount representing interest	23,346
Present value of net minimum lease payments	\$ 1,469,104

Supplemental information regarding these leases for the years ended June 30, 2023 and 2022 consist of the following:

	2023	2022
Other information:		
Weighted-average remaining lease term (years) - Operating leases	2.63	2.48
Weighted-average discount rate - Operating leases	1.0%	1.0%

NOTES TO FINANCIAL STATEMENTS – June 30, 2023 and 2022

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
PURPOSE RESTRICTIONS		
Nourish Capital Campaign	\$ 8,187,985	\$ 6,907,956
Public policy	3,465,698	1,993,906
Agency initiatives	1,338,563	2,447,188
Food purchasing	1,237,775	1,327,782
Meal preparation	1,162,587	204,652
Share our Strength	225,950	13,400
Starbucks FoodShare program	175,184	286,095
Other	150,616	205,067
Public Benefits Outreach	66,350	106,153
Older adult's program	50,000	—
Children's program	10,500	—
Mobile pantry program	10,000	20,004
TOTAL PURPOSE RESTRICTIONS	16,081,208	13,512,203
Time restrictions – Pledges receivable	600,580	1,351,463
TIME AND PURPOSE RESTRICTIONS		
Nourish Capital Campaign	6,215,240	2,825,091
Other	476,350	205,000
Older adult's programs	440,000	—
Public Benefits Outreach	261,411	491,130
Food purchasing	120,000	—
Children's program	—	125,000
Chicago Community Kitchens	—	25,000
TOTAL TIME AND PURPOSE RESTRICTIONS	7,513,001	3,671,221
Not subject to appropriation or expenditure – Freedom from Hunger Fund Endowment (Note 10)	38,374	38,374
TOTAL	\$ 24,233,163	\$ 18,573,261

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, 2023. Net assets with donor restrictions with time and purpose restrictions represent pledge receivables as of June 30, 2023 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 sufficient to fund the operating reserve; (2) to provide a source of funds for targeted capital projects, programmatic growth, and other uses as deemed appropriate by the Food Depository's board of directors (the "Board"), consistent with the Food Depository's strategic plan; and (3) to provide an identified portion of the Fund to the annual operating budget of the Food Depository to pay operating expenses. The first two objectives are for long-term investment goals, while the third objective meets short-term investment and liquidity needs.

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
- Such other factors as the Board may determine are relevant

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Founders' Fund Endowment	\$ 60,177,695	\$ —	\$ 60,177,695
Freedom from Hunger Fund endowment – Board designated	475,072	—	475,072
Freedom from Hunger Fund endowment – Donor restricted	—	38,374	38,374
TOTAL FUNDS	\$ 60,652,767	\$ 38,374	\$ 60,691,141

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	\$ 68,324,671	\$ 38,374	\$ 68,363,045
Investment income - Net of expenses	3,797,261	—	3,797,261
Board transfers	838,337	—	838,337
Appropriation of endowment assets for expenditure	(12,307,502)	—	(12,307,502)
ENDOWMENT NET ASSETS - END OF YEAR	\$ 60,652,767	\$ 38,374	\$ 60,691,141

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Founders' Fund Endowment	\$ 67,849,599	\$ —	\$ 67,849,599
Freedom from Hunger Fund endowment – Board designated	475,072	—	475,072
Freedom from Hunger Fund endowment – Donor restricted	—	38,374	38,374
TOTAL FUNDS	\$ 68,324,671	\$ 38,374	\$ 68,363,045

NOTES TO FINANCIAL STATEMENTS – June 30, 2023 and 2022

CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets – Beginning of year	\$ 68,874,121	\$ 38,374	\$ 68,912,495
Investment loss - Net of expenses	(9,402,589)	—	(9,402,589)
Board transfers	8,853,139	—	8,853,139
ENDOWMENT NET ASSETS - END OF YEAR	\$ 68,324,671	\$ 38,374	\$ 68,363,045

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 achieve a long-term rate of return on investment (net of fees and expenses) that allows the growth of the Fund's assets to be sufficient to offset or exceed inflation plus required spending. The Food Depository recognizes that its investment goal will not be met in every year and that this objective is intended to be achieved over time.

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 a portion identified for the annual operating budget, specifically an amount equal to 5 percent of the average fair market value of the Fund at the end of the then prior three calendar years will be distributed out of the Fund into the Food Depository's operating funds. The Board may determine to adjust the 5 percent spend rate based on need and in accordance with prudence measures. 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 2023, the Food Depository issued a special appropriation of approximately \$12,300,000. In 2022, 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. Effective January 1, 2023, the Food Depository changed the plan's year end from June 30 to December 31. The Food Depository may make a discretionary employer matching contribution on behalf of each participant equal to a percentage of the participant's compensation, as defined by the Plan. The contribution percentage was 7 percent for the period from July 1, 2022 to December 31, 2022. Effective March 2, 2023, the Plan provides for employer matching contributions of 100 percent of the participant's contribution up to 4 percent of the employee's deferred compensation. Prior to March 1, 2023, employees are subject to a graded vesting schedule and are 100 percent vested when they reach six years of service. Effective March 1, 2023, participants vest in contributions made by

the Food Depository beginning at 50 percent after one year of continuous service and become fully vested after two years of continuous service. The Food Depository approved making a contribution of \$642,900 and \$782,843 for the fiscal years ended June 30, 2023 and 2022, 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. With the building construction in progress in 2023, a portion of the environmental remediation work was completed and the liability was reduced accordingly. As of June 30, 2023 and 2022, the estimate of the environmental remediation liability was \$97,158 and \$1,654,941, respectively, and is recorded in accrued expenses on the statement of financial position.

Greater Chicago Food Depository
4100 West Ann Lurie Place
Chicago, IL 60632-3920

773-247-3663
chicagosfoodbank.org
BancoDeAlimentosChicago.org

MEMBER OF 
FEEDING[®]
AMERICA