

# 2024 ANNUAL REPORT



**GREATER  
CHICAGO  
— FOOD —  
DEPOSITORY®**

## THE YEAR OF MORE

### Dear Friends and Supporters,

Thank you for your generosity and partnership in fiscal year 2024. It was a year of record need and immense challenges, but your support allowed us to do more for our neighbors while advancing our mission to end hunger.

With your help, the Food Depository distributed the equivalent of 101 million meals to our neighbors facing hunger – the most we've ever provided in a year. While we are proud to have been a lifeline for hundreds of thousands of households, the increase in service numbers also means that far too many people continue to struggle to put food on the table. Our partner network served 25 percent more pantry visitors than last year. Many of these families are still trying to regain financial stability following several years of unprecedented challenges – inflation, cost of living increases and the phasing out of pandemic-relief programs.

A highlight of this year was the opening of our new prepared meals center, Chicago's Community Kitchens. The new kitchen gives us the capacity to create and distribute thousands of nutritious, made-from-scratch prepared meals every day for neighbors at increased risk of hunger. These meals will be a game-changer for people who face significant challenges accessing healthy food: older adults, people with disabilities, neighbors on medically-tailored diets and more.

Your generosity allowed us to share the full power of a meal, beyond sustenance. Parents working hard to make ends meet can bring the family together to enjoy some quality time over a meal. Older adults on fixed incomes don't have to make difficult decisions between paying for food or medicine. And our newest neighbors, seeking asylum and new opportunity can enjoy the flavors of their home country. Meals offer hope, familiarity and comfort.

Your support in the last year also helped the Food Depository address the root causes of hunger. We partnered with small, community-based restaurants and caterers to provide prepared meals for Chicagoans participating in programs for their future, and asylum-seeking new arrivals living in shelters. Through State of Illinois funding, we invested millions of dollars in local businesses who are creating jobs and economic activity in neighborhoods that endured generations of disinvestment.

Our advocacy efforts also contributed to several important anti-hunger policies. The adoption of a state Breakfast After the Bell grant program, securing continued funding for the Illinois Farm to Food Bank Program, and advocating alongside national partners to protect full funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at the federal level will go a long way in helping families access affordable, nutritious food.

In the face of great need, we are greater when we work together. More work lies ahead. But together, we can end hunger. We are so proud and grateful to be doing this work alongside you.

With gratitude,



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



**Marc Paulhus**  
Chair of the Board  
Greater Chicago Food Depository

# OUR MISSION IS TO END HUNGER.

We believe food is a basic human right. To achieve our mission, we work in partnership with a network of community-based organizations and individuals. Together, we connect our neighbors with healthy food, lift our voices and advance solutions that address the root causes of hunger – poverty, systemic inequity, and structural racism.

**Together, we are greater. Together, we can end hunger.**

The Greater Chicago Food Depository, Chicago's food bank, believes a healthy community starts with food. We are at the center of a network of more than 800 partner organizations and programs – food pantries, soup kitchens, shelters, mobile distributions and other partners – working to bring food, dignity and hope to our neighbors across Chicago and Cook County. The Food Depository addresses the root causes of hunger with job training, advocacy and other innovative solutions. We are a proud member of Feeding America – the national network of food banks. By working to help those most in need go from hungry to hopeful, we truly become a Greater Chicago.

## BOARD OF DIRECTORS

*as of June 2024*

### Chair of the Board

Marc Paulhus

### Chair-Elect

John Jay Shannon, MD

*Health Management Associates*

Ricardo Crumble  
*Northern Trust*

Monica Brown Moss  
*Trinity United Church of Christ*

Lee "Rosy" Rosenberg  
*Rosenberg Advisory*

Fr. Manny Dorantes  
*Archdiocese of Chicago*

Sam Nandi  
*Milliman Inc*

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*General Counsel, DLA Piper  
LLP (US)*

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*Equity Residential*

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Nasrin Thierer  
*Thierer Family Foundation*

Steve Koch

Kelly Richmond Pope  
*DePaul University*

Jennifer Vachon  
*Blue Cross Blue Shield  
Association*

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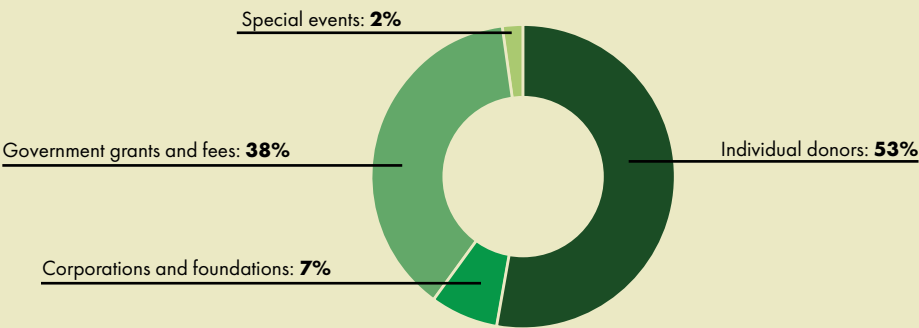
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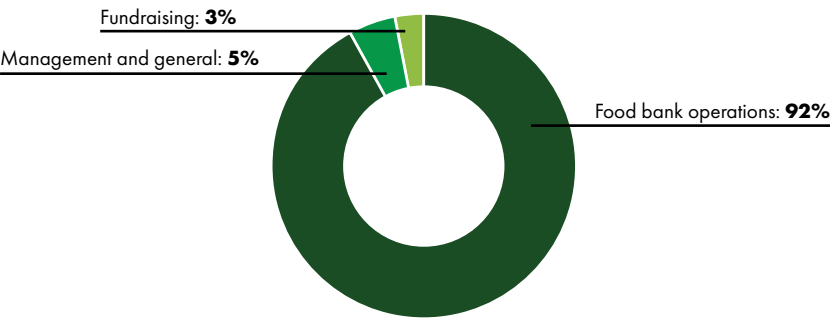


# INTERNAL STATEMENT OF ACTIVITIES

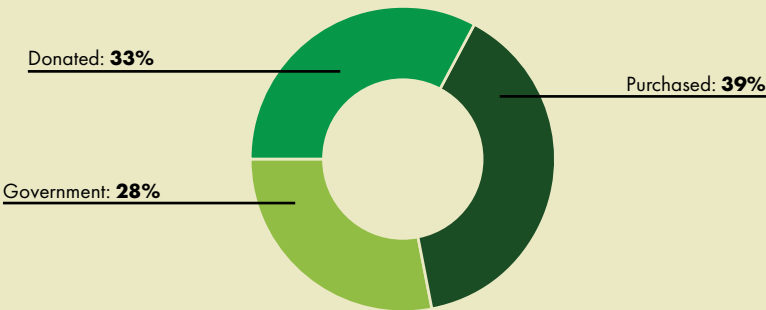
## WHERE OUR FUNDING COMES FROM



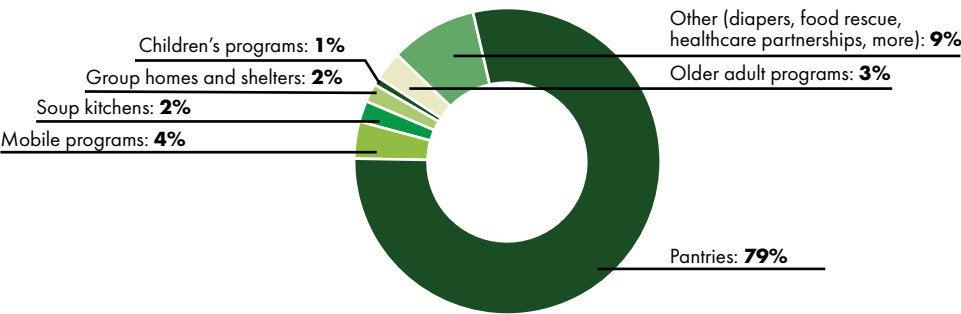
## HOW WE USE OUR RESOURCES



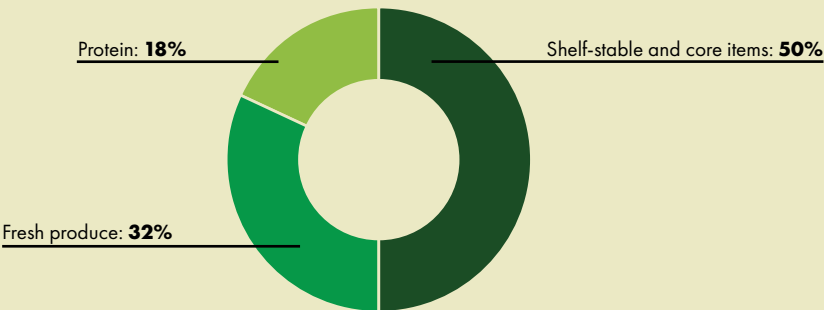
## WHERE OUR FOOD COMES FROM



## WHERE OUR FOOD GOES



## WHAT TYPES OF FOOD WE DISTRIBUTE



## Independent Auditor's Report

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, 2024 and 2023 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Food Depository as of June 30, 2024 and 2023 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Food 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 24, 2024 on our consideration of the 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 contro 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.

*Plante & Moreau, PLLC*

September 24, 2024

## STATEMENT OF FINANCIAL POSITION – June 30, 2024 and 2023

	JUNE 30	
	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 10,837,019	\$ 14,792,959
<b>INVESTMENTS</b>		
Securities	71,001,593	94,772,774
Receivables		
Grants and accounts receivable - Net	24,271,820	7,677,573
Pledges receivable - Net	4,650,818	8,113,581
Inventory		
Contributed food	28,782,848	14,916,546
Purchased food programs - Net	2,046,568	2,062,516
Other assets	1,366,921	1,480,026
Right-of-use operating lease assets	1,915,419	1,469,104
<b>LAND, BUILDING AND EQUIPMENT</b>		
Net of accumulated depreciation	77,180,384	59,917,921
<b>TOTAL ASSETS</b>	<b>\$ 222,053,390</b>	<b>\$ 205,203,000</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,776,882	\$ 2,159,549
Refundable grant advance	2,299,741	—
Accrued expenses	2,667,956	8,802,210
Lease obligation payable	1,915,419	1,469,104
<b>TOTAL LIABILITIES</b>	<b>8,659,998</b>	<b>12,430,863</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Operating and contributed food	149,107,223	107,886,207
Board-designated endowments	54,456,982	60,652,767
<b>TOTAL WITHOUT DONOR RESTRICTIONS</b>	<b>203,564,205</b>	<b>168,538,974</b>
With donor restrictions	9,829,187	24,233,163
<b>TOTAL NET ASSETS</b>	<b>213,393,392</b>	<b>192,772,137</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 222,053,390</b>	<b>\$ 205,203,000</b>

See Notes to Financial Statements.

# STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – Year ended June 30, 2024

	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	\$ 48,561,787	\$ —	\$ 48,561,787	\$ 11,317,601	\$ 59,879,388
Contributions – <i>Nourish</i> Capital Campaign	—	—	—	330,558	330,558
Contributed nonfinancial assets	950,712	—	950,712	—	950,712
Contributed food received	—	94,242,578	94,242,578	—	94,242,578
Satisfaction of restrictions	26,052,135	—	26,052,135	(26,052,135)	—
<b>REVENUE</b>					
Fees and grants from government agencies	46,734,402	72,668,672	119,403,074	—	119,403,074
Other income	553,833	—	553,833	—	553,833
Investment income, net of investment expenses	7,691,107	—	7,691,107	—	7,691,107
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>130,543,976</b>	<b>166,911,250</b>	<b>297,455,226</b>	<b>(14,403,976)</b>	<b>283,051,250</b>
<b>OPERATING EXPENSES</b>					
Food bank operations	88,697,491	—	88,697,491	—	88,697,491
Contributed food distributed	—	153,017,264	153,017,264	—	153,017,264
<b>TOTAL PROGRAM EXPENSES</b>	<b>88,697,491</b>	<b>153,017,264</b>	<b>241,714,755</b>	<b>—</b>	<b>241,714,755</b>
Management and general	12,104,798	—	12,104,798	—	12,104,798
Fundraising	8,610,442	—	8,610,442	—	8,610,442
<b>TOTAL OPERATING EXPENSES</b>	<b>109,412,731</b>	<b>153,017,264</b>	<b>262,429,995</b>	<b>—</b>	<b>262,429,995</b>
<b>NET ASSETS</b>					
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>21,131,245</b>	<b>13,893,986</b>	<b>35,025,231</b>	<b>(14,403,976)</b>	<b>20,621,255</b>
<b>NET ASSETS – Beginning of year</b>	<b>153,650,112</b>	<b>14,888,862</b>	<b>168,538,974</b>	<b>24,233,163</b>	<b>192,772,137</b>
<b>NET ASSETS – END OF YEAR</b>	<b>\$ 174,781,357</b>	<b>\$ 28,782,848</b>	<b>\$ 203,564,205</b>	<b>\$ 9,829,187</b>	<b>\$ 213,393,392</b>

See Notes to Financial Statements.



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

	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	\$ 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)	—
<b>REVENUE</b>					
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
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>85,311,537</b>	<b>115,483,309</b>	<b>200,794,846</b>	<b>5,659,902</b>	<b>206,454,748</b>
<b>OPERATING EXPENSES</b>					
Food bank operations	62,642,372	—	62,642,372	—	62,642,372
Contributed food distributed	—	118,104,399	118,104,399	—	118,104,399
<b>TOTAL PROGRAM EXPENSES</b>	<b>62,642,372</b>	<b>118,104,399</b>	<b>180,746,771</b>	<b>—</b>	<b>180,746,771</b>
Management and general	12,310,802	—	12,310,802	—	12,310,802
Fundraising	8,163,789	—	8,163,789	—	8,163,789
<b>TOTAL OPERATING EXPENSES</b>	<b>83,116,963</b>	<b>118,104,399</b>	<b>201,221,362</b>	<b>—</b>	<b>201,221,362</b>
<b>NET ASSETS</b>					
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>2,194,574</b>	<b>(2,621,090)</b>	<b>(426,516)</b>	<b>5,659,902</b>	<b>5,233,386</b>
<b>NET ASSETS – Beginning of year</b>	<b>151,455,538</b>	<b>17,509,952</b>	<b>168,965,490</b>	<b>18,573,261</b>	<b>187,538,751</b>
<b>NET ASSETS – END OF YEAR</b>	<b>\$ 153,650,112</b>	<b>\$ 14,888,862</b>	<b>\$ 168,538,974</b>	<b>\$ 24,233,163</b>	<b>\$ 192,772,137</b>

See Notes to Financial Statements.

## STATEMENT OF FUNCTIONAL EXPENSES – Year ended June 30, 2024

	PROGRAM SERVICES	SUPPORT SERVICES		
	FOOD BANK PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries	\$ 14,880,517	\$ 4,505,279	\$ 3,142,752	\$ 22,528,548
Employee fringe benefits	3,492,509	1,597,768	652,589	5,742,866
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>18,373,026</b>	<b>6,103,047</b>	<b>3,795,341</b>	<b>28,271,414</b>
Cost of food sold	56,146,763	—	—	56,146,763
Member agencies development	4,220,142	27,972	—	4,248,114
Professional and contractual fees	784,264	3,757,865	126,256	4,668,385
Direct mail and special events	—	—	4,028,746	4,028,746
Trucking, freight, and storage	2,187,765	3,957	—	2,191,722
Equipment purchases, maintenance, and rental	676,483	128,709	—	805,192
Building maintenance and renovation expense	494,430	7,280	1,130	502,840
Employee development and recognition	306,990	302,175	8,608	617,773
Printing, postage, and office supplies	209,028	274,329	69,670	553,027
Occupancy and utility costs	726,699	10,699	1,660	739,058
License, service fees, and subscriptions	547,458	727,032	566,196	1,840,686
Insurance	388,056	367,130	—	755,186
Telecommunications and IT	38,677	193,930	—	232,607
Meetings, conferences, conventions, and local transportation	105,552	31,520	4,874	141,946
Miscellaneous	8,119	117,857	—	125,976
Contributed food distributed	153,017,264	—	—	153,017,264
Depreciation	3,484,039	51,296	7,961	3,543,296
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 241,714,755</b>	<b>\$ 12,104,798</b>	<b>\$ 8,610,442</b>	<b>\$ 262,429,995</b>

See Notes to Financial Statements.

## STATEMENT OF FUNCTIONAL EXPENSES – Year ended June 30, 2023

	PROGRAM SERVICES	SUPPORT SERVICES		
	FOOD BANK PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
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
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>15,942,285</b>	<b>5,884,958</b>	<b>3,779,233</b>	<b>25,606,476</b>
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	1111,010	23,901	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
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 180,746,771</b>	<b>\$ 12,310,802</b>	<b>\$ 8,163,789</b>	<b>\$ 201,221,362</b>

See Notes to Financial Statements.

## STATEMENT OF CASH FLOWS – Years Ended June 30, 2024 and 2023

	JUNE 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 20,621,255	\$ 5,233,386
<b>ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES:</b>		
(Decrease) increase in allowance for uncollected pledges and discount to net present value	(232,925)	345,628
Decrease in allowance for grants receivable	—	(8,757,499)
Depreciation	3,543,296	2,376,794
Gain on sale and disposal of fixed assets	(49,755)	(23,500)
(Increase) decrease in inventory - Contributed food	(13,866,302)	2,608,697
Donated investments	(3,083,347)	(2,289,810)
Unrealized and realized gain on investments	(5,204,631)	(3,079,984)
Nourish Capital Campaign contributions	(330,558)	(6,673,153)
Noncash lease expense	—	51,681
Donated fixed assets	—	(810,667)
Gain on reduction in environmental remediation liability	—	(679,568)
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES THAT (USED) PROVIDED CASH AND CASH EQUIVALENTS:</b>		
Grants and accounts receivable	(16,594,247)	10,821,196
Pledges receivable	334,720	(46,377)
Inventory - Purchased food programs	15,948	1,096,385
Other assets	113,105	(356,314)
Accounts payable	(280,739)	(89,170)
Accrued expenses	(1,104,711)	(681,483)
Refundable grant advance	2,299,741	—
NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	(13,819,150)	(953,758)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments - Securities	37,015,669	95,185,347
Purchase of investments - Securities	(4,956,510)	(69,162,153)
Proceeds from sale and disposal of fixed assets	61,000	23,500
Purchase of fixed assets	(25,948,475)	(20,067,866)
NET CASH AND CASH EQUIVALENTS PROVIDED BY INVESTING ACTIVITIES	6,171,684	5,978,828
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collection of Nourish Capital Campaign contributions	3,691,526	3,283,005
Net (Decrease) Increase in Cash and Cash Equivalents	(3,955,940)	8,308,075
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	14,792,959	6,484,884
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<b>\$ 10,837,019</b>	<b>\$ 14,792,959</b>
<b>SIGNIFICANT NONCASH TRANSACTIONS</b>		
Fixed assets in accounts payable and accrued expenses	—	\$ 5,131,471
See Notes to Financial Statements.		

# NOTES TO FINANCIAL STATEMENTS – June 30, 2024 and 2023

## 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, Illinois. The Food Depository believes a healthy community starts with food. The Food Depository partners with 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 strategies that generate economic impact and access to living wages. 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.

*Illinois Equitable Access Towards Sustainable Systems (EATS) Program, Funded by the Local Food Purchase Assistance Cooperative Agreement Program (LFPA)* - The Food Depository receives assistance to support farmers and distribution sites to improve domestic agriculture supply chain resiliency by strengthening local and regional food systems expanding economic opportunities for local, socially disadvantaged farmers in Illinois, and building partnerships that get fresh, nutritious food to underserved communities.

*U.S. Department of Housing and Urban Development (HUD), Community Project Funding Grant (CPF)* - The Food Depository receives support for the construction of a new prepared meal facility.

*Illinois Department of Human Services, Social Services Block Grant (SSBG) (Asylum Seeker Nutrition Security)* - The Food Depository receives funds to help asylum seekers residing in the City of Chicago shelters to achieve self-sufficiency through the nutrition security (prepared meals and/or meal equivalents) and meeting basic needs.

*Illinois Department of Human Services, Emergency Food Program (EFP), Social Services Block Grant (SSBG) (Farm to Food Bank)* - The Food Depository receives funds to provide harvest, process, package, storage, handling, distribution, or transport Illinois-based foods from agricultural producers, processors, or distributors from use by its partners' network.

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 raised approximately \$75 million to support capital improvements to the existing food depository facility and expansion of the facility to expand programmatic capabilities. The Nourish campaign and construction concluded in fiscal year 2024.



# NOTES TO FINANCIAL STATEMENTS – June 30, 2024 and 2023

## 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 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 on the statement of financial position. Management determines the allowances for doubtful accounts on grants receivable by reviewing and identifying troubled accounts on a monthly basis and by using historical experience. Grants receivable are written off when deemed uncollectible. No allowance was recorded as of June 30, 2024 and 2023. For all grants receivable, the Food Depository expects to receive outstanding amounts due subsequent to fiscal year end.

Certain revenue from U.S. governmental entities in the form of contracts and grants is occasionally subject to special audits. Such audits could result in claims against the Food Depository for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits, as the Food Depository management believes that the use of funds complies with the stipulated restrictions.

### 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 \$229,081 and \$181,426 for the years ended June 30, 2024 and 2023, 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 \$720,831 and \$529,821 for the years ended June 30, 2024 and 2023, 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 AND 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, 2024 and 2023, 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).

# NOTES TO FINANCIAL STATEMENTS – June 30, 2024 and 2023

## 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.

## 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, 2024 and 2023 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 \$3,932,159 and \$5,038,746 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023, 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 24, 2024, 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:

	2024	2023
Cash and cash equivalents	\$ 10,837,019	\$ 14,792,959
Grants and accounts receivable - Net	24,271,820	7,677,573
Pledges receivable - Net	1,547,665	1,098,594
Investments	16,506,188	33,904,517
Endowment assets appropriated for current use	3,200,000	3,400,000
<b>TOTAL</b>	<b>\$ 56,362,692</b>	<b>\$ 60,873,643</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, 2024 and 2023, the Food Depository budgeted appropriations of \$3,200,000 and \$3,400,000, 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, 2024. Additionally, the Food Depository has a board-designated quasi endowment of approximately \$54,500,000 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, 2024 and 2023 and the valuation techniques used by the Food Depository to determine those fair values:

# NOTES TO FINANCIAL STATEMENTS – June 30, 2024 and 2023

## ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS AT JUNE 30, 2024

	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, 2024
<b>ASSETS – INVESTMENTS</b>				
Equity funds	\$ 36,959,294	\$ —	\$ —	\$ 36,959,294
Real estate funds	2,555,343	—	—	2,555,343
Fixed-income funds	26,227,176	—	—	26,227,176
<b>TOTAL ASSETS</b>	<b>\$ 65,741,813</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 65,741,813</b>

## 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
<b>ASSETS – INVESTMENTS</b>				
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
<b>TOTAL ASSETS</b>	<b>\$ 86,427,164</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 86,427,164</b>

Not included in the tables above are cash and accrued interest held in investments of \$5,259,780 and \$8,345,610 as of June 30, 2024 and 2023, 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 4.36 and 3.82 percent as of June 30, 2024 and 2023, respectively.

Pledges receivable consist of the following as of June 30:

	2024	2023
Pledges receivable	\$ 4,901,913	\$ 8,597,601
Less discounts to net present value	(251,095)	(484,020)
<b>Net pledges receivable</b>	<b>\$ 4,650,818</b>	<b>\$ 8,113,581</b>

Scheduled annual payments on pledges are as follows:

2025	\$ 3,319,413
2026	1,352,500
2027	205,000
2028	25,000
<b>TOTAL</b>	<b>\$ 4,901,913</b>

## NOTE 6 – LAND, BUILDING, AND EQUIPMENT

The cost of land, building, and equipment as of June 30, 2024 and 2023 is summarized as follows:

	2024	2023	Depreciable Life - Years
Land	\$ 11,462,739	\$ 11,462,739	—
Land improvements	3,287,331	—	—
Building and building improvements	58,918,122	23,367,224	5-40
Equipment	24,705,861	17,167,015	3-15
Construction and work in progress	779,272	27,418,999	—
<b>TOTAL COST</b>	<b>99,153,325</b>	<b>79,415,977</b>	
Accumulated depreciation	21,972,941	19,498,056	
<b>Net land, building, and equipment</b>	<b>\$ 77,180,384</b>	<b>\$ 59,917,921</b>	

Depreciation expense for 2024 and 2023 was \$3,543,296 and \$2,376,794, respectively. As of June 30, 2024 and 2023, there were remaining commitments on construction in progress of approximately \$315,900 and \$21,500,000, respectively.

## 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, 2024 and 2023, there were no outstanding borrowings on this line of credit. 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 31, 2024, the Food Depository amended the line of credit to extend the maturity date through July 31, 2026. Additionally, effective July 31, 2024, the interest rate is a rate per year equal to the sum of (i) the greater of the daily floating SOFR or the index floor (0 percent) and (ii) 1.25 percent.

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, 2024 and 2023.

## 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 24 vehicle leases that generally have a term of seven years. The current fleet has starting dates ranging from fiscal year 2018 through fiscal year 2024, with end dates ranging from fiscal year 2024 through fiscal year 2031. 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 3.3 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 \$932,652 and \$963,980 for 2024 and 2023, 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
2025	\$ 609,166
2026	453,623
2027	290,231
2028	215,343
2029	199,252
Thereafter	337,830
<b>TOTAL</b>	<b>2,105,445</b>
Less amount representing interest	190,026
<b>Present value of net minimum lease payments</b>	<b>\$ 1,915,419</b>

Supplemental information regarding these leases for the years ended June 30, 2024 and 2023 consist of the following:

	2024	2023
Weighted-average remaining lease term (years) - Operating leases	5.05	2.63
Weighted-average discount rate - Operating leases	3.3 %	1.0 %

# NOTES TO FINANCIAL STATEMENTS – June 30, 2024 and 2023

## NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
<b>PURPOSE RESTRICTIONS</b>		
Public policy	\$ 2,662,310	\$ 3,465,698
Food purchasing	790,209	1,237,775
Meal preparation	671,747	1,162,587
Agency initiatives	402,067	1,338,563
Share our Strength	228,822	225,950
Older adult's program	148,969	50,000
Other	111,121	150,616
Public Benefits Outreach	65,607	66,350
Children's program	35,000	10,500
Mobile pantry program	10,000	10,000
Starbucks FoodShare program	1,972	175,184
Nourish Capital Campaign	—	8,187,985
<b>TOTAL PURPOSE RESTRICTIONS</b>	<b>5,127,824</b>	<b>16,081,208</b>
Time restrictions – Pledges receivable	790,545	600,580
<b>TIME AND PURPOSE RESTRICTIONS</b>		
Nourish Capital Campaign	2,854,273	6,215,240
Other	489,000	476,350
Older adult's programs	220,000	440,000
Public Benefits Outreach	—	261,411
Food purchasing	252,000	120,000
Meal prep	45,000	—
<b>TOTAL TIME AND PURPOSE RESTRICTIONS</b>	<b>3,860,273</b>	<b>7,513,001</b>
Not subject to appropriation or expenditure – Freedom from Hunger Fund Endowment (Note 10)	50,545	38,374
<b>TOTAL</b>	<b>\$ 9,829,187</b>	<b>\$ 24,233,163</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, 2024. Net assets with donor restrictions with time and purpose restrictions represent pledge receivables as of June 30, 2024 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 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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Founders' Fund Endowment	\$ 53,981,910	\$ —	\$ 53,981,910
Freedom from Hunger Fund endowment – Board designated	475,072	—	475,072
Freedom from Hunger Fund endowment – Donor restricted	—	50,545	50,545
<b>TOTAL FUNDS</b>	<b>\$ 54,456,982</b>	<b>\$ 50,545</b>	<b>\$ 54,507,527</b>

## CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 60,652,767	\$ 38,374	\$ 60,691,141
Investment income - Net of expenses	5,256,865	—	5,256,865
Board transfers	1,074,956	—	1,074,956
Appropriation of endowment assets for expenditure	(12,527,606)	—	(12,527,606)
Contributions	—	12,171	12,171
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 54,456,982</b>	<b>\$ 50,545</b>	<b>\$ 54,507,527</b>

# NOTES TO FINANCIAL STATEMENTS – June 30, 2024 and 2023

## 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
<b>TOTAL FUNDS</b>	<b>\$ 60,652,767</b>	<b>\$ 38,374</b>	<b>\$ 60,691,141</b>

## 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)
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 60,652,767</b>	<b>\$ 38,374</b>	<b>\$ 60,691,141</b>

## 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. There were no funds underwater as of June 30, 2024 and 2023. In 2024 and 2023, the Food Depository issued a special appropriation of approximately \$12,500,000 and \$12,300,000, respectively.

## NOTE 11 – EMPLOYEE BENEFIT PLAN

The Food Depository sponsors a defined contribution retirement plan for all employees. Effective March 1, 2023, the Food Depository converted to a new calendar year Plan. The previous plan was frozen to new contributions and participants had the option to transfer assets into the new Plan. 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 eligible compensation. 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. 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. Employer contributions were \$1,015,500 and \$979,377 for the fiscal years ended June 30, 2024 and 2023, 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 to \$97,158 as of June 30, 2023, which is recorded in accrued expenses on the statement of financial position. During 2024, the new facility was completed and the liability was reduced to \$0 as of June 30, 2024. In May 2024, all liens and securities were released against the land and no further remediation is required.



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