

Eastern Illinois Foodbank

Financial and Compliance Report
June 30, 2020

Contents

| | |
|------------------------------|-----|
| Independent auditor's report | 1-2 |
|------------------------------|-----|

| | |
|----------------------------------|------|
| Financial statements | |
| Statement of financial position | 3 |
| Statement of activities | 4 |
| Statement of functional expenses | 5 |
| Statement of cash flows | 6 |
| Notes to financial statements | 7-19 |

| | |
|---|-------|
| Supplementary information | |
| Consolidated year-end financial report | 20-26 |
| Schedule of expenditures of federal awards | 27 |
| Notes to schedule of expenditures of federal awards | 28 |

| | |
|---|-------|
| Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> | 29-30 |
|---|-------|

| | |
|---|-------|
| Independent auditor's report on compliance for the major federal program and report on internal control over compliance as required by the Uniform Guidance | 31-32 |
|---|-------|

| | |
|---|----|
| Schedule of findings and questioned costs | 33 |
| Summary schedule of prior audit findings | 34 |



RSM US LLP

Independent Auditor's Report

Board of Directors
Eastern Illinois Foodbank

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited Eastern Illinois Foodbank's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying supplementary information consisting of the Consolidated Year-End Financial Report for the fiscal year ended June 30, 2020, which is included in prescribed form (supplementary information), is presented for purposes of additional analysis, as required by the Illinois Department of Human Services, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2021, on our consideration of Eastern Illinois Foodbank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eastern Illinois Foodbank'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 Eastern Illinois Foodbank's internal control over financial reporting and compliance.

RSM US LLP

Champaign, Illinois
February 25, 2021

Eastern Illinois Foodbank

Statement of Financial Position

June 30, 2020, with Summarized Comparative Totals as of June 30, 2019

| | June 30, 2020 | | | June 30, |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,372,369 | \$ 742,824 | \$ 2,115,193 | \$ 711,274 |
| Certificates of deposit | 219,033 | - | 219,033 | 204,902 |
| Shared maintenance receivable | 33,934 | - | 33,934 | 31,791 |
| Grant receivables | - | 88,412 | 88,412 | 118,105 |
| Pledge receivables, net of discount | - | 106,443 | 106,443 | 69,067 |
| Inventories: | | | | |
| Donated product | 1,004,858 | 734,139 | 1,738,997 | 1,622,375 |
| Purchased product | 481,053 | - | 481,053 | 295,899 |
| Prepaid expenses | 61,256 | - | 61,256 | 54,356 |
| Total current assets | 3,172,503 | 1,671,818 | 4,844,321 | 3,107,769 |
| Noncurrent assets: | | | | |
| Certificates of deposit | - | - | - | 217,393 |
| Investments | 1,208,051 | - | 1,208,051 | 1,250,284 |
| Pledge receivables, net of discount | - | 184,051 | 184,051 | 166,234 |
| Property and equipment, net of accumulated depreciation | 2,190,213 | - | 2,190,213 | 2,111,886 |
| Total noncurrent assets | 3,398,264 | 184,051 | 3,582,315 | 3,745,797 |
| Total assets | \$ 6,570,767 | \$ 1,855,869 | \$ 8,426,636 | \$ 6,853,566 |
| Liabilities and Net Assets | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 163,684 | \$ - | \$ 163,684 | \$ 121,828 |
| Accrued wages and payroll taxes | 60,494 | - | 60,494 | 67,580 |
| Accrued vacation | 116,365 | - | 116,365 | 99,631 |
| Deferred revenue | 186,104 | - | 186,104 | 33,132 |
| Total current liabilities | 526,647 | - | 526,647 | 322,171 |
| Long-term liabilities: | | | | |
| Loan payable | 265,400 | - | 265,400 | - |
| Total liabilities | 792,047 | - | 792,047 | 322,171 |
| Net assets: | | | | |
| Without donor restrictions: | | | | |
| Undesignated | 4,570,669 | - | 4,570,669 | 3,659,526 |
| Board designated | 1,208,051 | - | 1,208,051 | 1,214,382 |
| With donor restrictions | - | 1,855,869 | 1,855,869 | 1,657,487 |
| Total net assets | 5,778,720 | 1,855,869 | 7,634,589 | 6,531,395 |
| Total liabilities and net assets | \$ 6,570,767 | \$ 1,855,869 | \$ 8,426,636 | \$ 6,853,566 |

See notes to financial statements.

Eastern Illinois Foodbank

Statement of Activities

Year Ended June 30, 2020, with Summarized Comparative Totals for Year Ended June 30, 2019

| | Year Ended June 30, 2020 | | | Year Ended |
|---|-------------------------------|----------------------------|-------------------|---------------------------|
| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | June 30, 2019 Total |
| Public support and revenue: | | | | |
| Public support: | | | | |
| Contributed food | \$ 12,579,967 | \$ - | \$ 12,579,967 | \$ 12,138,587 |
| Contributions | 2,399,893 | 579,908 | 2,979,801 | 1,953,701 |
| Government grants and contracts | - | 5,674,951 | 5,674,951 | 4,793,627 |
| United Way | 234,352 | - | 234,352 | 126,601 |
| Other grants | - | 789,175 | 789,175 | 209,760 |
| Total public support | 15,214,212 | 7,044,034 | 22,258,246 | 19,222,276 |
| Revenue: | | | | |
| Shared maintenance and purchased product program | 464,100 | - | 464,100 | 428,569 |
| Delivery income | 31,175 | - | 31,175 | 30,350 |
| Investment income and gains in accordance with spending policy | 35,901 | - | 35,901 | 37,300 |
| Other income | 864 | - | 864 | 1,515 |
| Total revenue | 532,040 | - | 532,040 | 497,734 |
| Net assets released from restrictions | 6,845,652 | (6,845,652) | - | - |
| Total public support and revenue | 22,591,904 | 198,382 | 22,790,286 | 19,720,010 |
| Expenses: | | | | |
| Program services | 20,689,223 | - | 20,689,223 | 18,142,938 |
| Supporting services: | | | | |
| Fundraising services | 600,720 | - | 600,720 | 645,818 |
| Management and general | 321,630 | - | 321,630 | 288,598 |
| Total supporting services | 922,350 | - | 922,350 | 934,416 |
| Total expenses | 21,611,573 | - | 21,611,573 | 19,077,354 |
| Nonoperating activities: | | | | |
| Investment return, net | (75,519) | - | (75,519) | (9,229) |
| Total nonoperating activities | (75,519) | - | (75,519) | (9,229) |
| Change in net assets | 904,812 | 198,382 | 1,103,194 | 633,427 |
| Net assets: | | | | |
| Beginning of year | 4,873,908 | 1,657,487 | 6,531,395 | 5,897,968 |
| End of year | \$ 5,778,720 | \$ 1,855,869 | \$ 7,634,589 | \$ 6,531,395 |

See notes to financial statements.

Eastern Illinois Foodbank

Statement of Functional Expenses

Year Ended June 30, 2020, with Summarized Comparative Totals for Year Ended June 30, 2019

| | Year Ended June 30, 2020 | | | | 2020 Total Expenses | Year Ended June 30, 2019 Total Expenses |
|---|--------------------------|-------------------|--|-------------------|---------------------------|--|
| | Program Services | Fundraising | Supporting Services Management and General | Total | | |
| Personnel expenses: | | | | | | |
| Salaries and wages | \$ 876,739 | \$ 228,786 | \$ 230,297 | \$ 459,083 | \$ 1,335,822 | \$ 1,185,490 |
| Employee benefits | 167,639 | 43,746 | 44,035 | 87,781 | 255,420 | 240,529 |
| Payroll taxes | 72,249 | 18,853 | 18,978 | 37,831 | 110,080 | 101,472 |
| Total personnel expenses | 1,116,627 | 291,385 | 293,310 | 584,695 | 1,701,322 | 1,527,491 |
| Operating expenses: | | | | | | |
| Product acquisition: | | | | | | |
| Disaster response costs | 397,013 | - | - | - | 397,013 | - |
| Foodmobile product costs | 83,442 | - | - | - | 83,442 | 119,801 |
| Food fund product | 74,389 | - | - | - | 74,389 | 60,965 |
| Shared maintenance fees | 43,444 | - | - | - | 43,444 | 48,101 |
| BackPack product costs | 37,540 | - | - | - | 37,540 | 47,710 |
| TANF purchased product | 48,006 | - | - | - | 48,006 | 37,979 |
| Freight on donated product | 27,115 | - | - | - | 27,115 | 30,100 |
| School pantry product cost | 37,319 | - | - | - | 37,319 | 29,474 |
| Community assistance | - | - | - | - | - | 26,810 |
| VAP/product expenses | 18,106 | - | - | - | 18,106 | 17,497 |
| Designated donation product | 38,654 | - | - | - | 38,654 | 15,015 |
| Pop Up VA Pantry | 7,155 | - | - | - | 7,155 | 12,237 |
| Occupancy and office: | | | | | | |
| Depreciation | 188,801 | 740 | 524 | 1,264 | 190,065 | 180,833 |
| Printing and publications | 2,142 | 137,210 | 172 | 137,382 | 139,524 | 159,579 |
| Utilities | 111,992 | 1,504 | 1,062 | 2,566 | 114,558 | 103,652 |
| Professional services | 39,264 | 31,309 | 5,847 | 37,156 | 76,420 | 87,333 |
| Fuel | 90,336 | - | - | - | 90,336 | 87,027 |
| Office supplies | 8,892 | 47,707 | 846 | 48,553 | 57,445 | 69,554 |
| Vehicle maintenance/repairs | 46,512 | - | - | - | 46,512 | 58,018 |
| Vehicle lease | 17,206 | - | - | - | 17,206 | - |
| Hosting/software and support | 38,493 | 16,890 | 3,955 | 20,845 | 59,338 | 54,505 |
| Insurance | 46,670 | 643 | 454 | 1,097 | 47,767 | 51,710 |
| Events | - | 32,646 | - | 32,646 | 32,646 | 33,778 |
| Equipment rental | 64,892 | - | - | - | 64,892 | 32,583 |
| Warehouse equipment maintenance/repairs | 43,640 | - | - | - | 43,640 | 27,918 |
| Agency capacity building costs | 86,170 | - | - | - | 86,170 | 25,642 |
| Travel and transportation | 27,394 | 2,540 | 3,170 | 5,710 | 33,104 | 23,495 |
| Building maintenance | 32,043 | 407 | 288 | 695 | 32,738 | 22,290 |
| Warehouse supplies | 60,256 | - | - | - | 60,256 | 18,955 |
| Small equipment and furnishings | 103,620 | 2,939 | 977 | 3,916 | 107,536 | 17,691 |
| Training and education | 6,905 | 3,737 | 4,119 | 7,856 | 14,761 | 15,701 |
| Membership dues and fees | 9,492 | 3,204 | 2,506 | 5,710 | 15,202 | 15,031 |
| Telephone | 8,211 | 2,785 | 2,563 | 5,348 | 13,559 | 14,228 |
| Finance charges | 1,134 | 23,252 | 287 | 23,539 | 24,673 | 13,230 |
| Office equipment maintenance/repair | 1,975 | 1,444 | 519 | 1,963 | 3,938 | 5,068 |
| Miscellaneous | 1,592 | 378 | 1,031 | 1,409 | 3,001 | 3,000 |
| Total operating expenses | 1,849,815 | 309,335 | 28,320 | 337,655 | 2,187,470 | 1,566,510 |
| Contributed food distributed and scrapped | 17,722,781 | - | - | - | 17,722,781 | 15,983,353 |
| Total expenses | \$ 20,689,223 | \$ 600,720 | \$ 321,630 | \$ 922,350 | \$ 21,611,573 | \$ 19,077,354 |

See notes to financial statements.

Eastern Illinois Foodbank

Statement of Cash Flows

Year Ended June 30, 2020, with Summarized Comparative Totals for Year Ended June 30, 2019

| | 2020 | 2019 |
|---|---------------------|------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,103,194 | \$ 633,427 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Realized and unrealized losses on investments | 76,303 | 5,945 |
| Depreciation | 190,065 | 180,833 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Receivables | (27,643) | (358,254) |
| Donated product inventory | (116,622) | (565,696) |
| Purchased product inventory | (185,154) | (74,083) |
| Prepaid expenses | (6,900) | 7,174 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 51,504 | 51,987 |
| Deferred revenue | 152,972 | 10,460 |
| Net cash provided by (used in) operating activities | 1,237,719 | (108,207) |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 98,831 | 133,810 |
| Purchases of investments | (132,901) | (145,653) |
| Proceeds from maturity of certificates of deposit | 203,262 | 419,188 |
| Purchases of certificates of deposit | - | (422,295) |
| Purchase of property and equipment | (268,392) | (76,032) |
| Net cash used in investing activities | (99,200) | (90,982) |
| Cash flows from financing activities: | | |
| Proceeds from loan payable | 265,400 | - |
| Net cash provided by financing activities | 265,400 | - |
| Net increase (decrease) in cash and cash equivalents | 1,403,919 | (199,189) |
| Cash and cash equivalents: | | |
| Beginning of year | 711,274 | 910,463 |
| End of year | \$ 2,115,193 | \$ 711,274 |

See notes to financial statements.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities: Eastern Illinois Foodbank (EIF) is an Illinois not-for-profit corporation organized for the purpose of collecting, warehousing and distributing salvageable food to social service agencies that feed the needy. EIF is a member of the Feeding America National Foodbank Network (Feeding America), the nation's largest domestic hunger relief organization.

A summary of EIF's significant accounting policies is as follows:

Basis of presentation: The accompanying financial statements are presented using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and are prepared to focus on EIF as a whole and to present balances and transactions in accordance with the existence or absence of donor-imposed restrictions.

Contributions: Contributions and grants are reported as without or with donor restrictions, depending on the existence or nature of any restrictions, or both. Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restrictions. Noncash contributions are recorded at their fair market value at the date of contribution.

Revenue recognition: Revenue from contracts with customers is derived primarily from shared maintenance and purchased product program. This revenue is reported at the amount that reflects the consideration to which EIF expects to be entitled in exchange for providing services. Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by EIF. Shared maintenance and purchased product program revenue for performance obligations are satisfied at a point in time, which is when the related food is delivered to social service agencies. Shared maintenance revenue is determined at a price per pound of product distributed to social services agencies; whereas, purchased product revenue is cost plus a fee charged to the social services agencies for storage and handling of the product by EIF.

EIF did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining contracts and no significant financing components. Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Agency transactions: EIF participates in a certain programs in which EIF acts as an agent. EIF accounts for these program as agency transactions and recognizes a liability to the designated agencies when funding is received from Feeding America. EIF does not include the change in these funds in the statements of activities. As of June 30, 2020 and 2019, there were no undistributed balances and thus, no liability in the accompanying statements of financial position.

Government agencies: Government funding, other than contributed food and inventories, is generally recorded on a reimbursement basis, that is, when qualifying expenses are incurred by EIF, both a receivable from the government funder and revenue are recorded.

Contributed food and inventories from government agencies are recorded as contributions with donor restrictions when the food and inventory is received by EIF.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Concentration of risk: Financial instruments that potentially subject EIF to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposits, investments, and pledges and accounts receivable. EIF maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. EIF periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. Concentration of credit risk with respect to its investments is reduced as a result of the diversity of the underlying securities. Concentration of credit risk with respect to pledges and accounts receivable is considered to be limited due to high historical collection rates.

Cash and cash equivalents: Cash and cash equivalents consist of cash on hand and deposits held by financial institutions with original maturities of three months or less.

Certificates of deposit: Certificates of deposit are carried at cost which approximates fair value due to the short duration of the instruments.

Investments: Investments, which consist primarily of mutual funds, are measured at fair value or net asset value. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net assets without donor restrictions unless restricted by the donor. Investment income which is subject to donor imposed restrictions is included in the change in net income with donor restrictions. A portion of investment income is reported as operating income in the Statement of Activities in accordance with the investment spending policy outlined in Note 6. The remaining investment income is reported as non-operating income.

Net asset classifications: Net assets are segregated into two categories as follows:

Net Assets Without Donor Restrictions — Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board-designated.

Net Assets With Donor Restrictions — Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income tax status: EIF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes. EIF is not aware of any tax positions that would have a significant impact on its financial position.

Shared maintenance receivables: Shared maintenance receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a regular basis. Management determines the allowance by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management determined that no allowance was necessary as of June 30, 2020 and 2019.

Shared maintenance receivables are written off when deemed uncollectible. Recoveries of shared maintenance receivables previously written off are recorded when received. No interest is charged on outstanding balances.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Pledges receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, discounted using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of such discounts is included in contribution support. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed food and inventories: Food donated to EIF is capitalized as inventory and accounted for as contributions without donor restrictions, while food received as USDA commodities is recorded as contributions with donor restrictions until distributed to EIF's agencies. Contributed food and USDA commodities are valued at fair value on a first-in, first-out basis using a weighted average wholesale price per pound, as determined by Feeding America. Purchased food is valued at invoice cost determined by the first-in, first-out method.

Property and equipment: Property and equipment are recorded at cost, if purchased, or at the estimated fair market value on the date acquired, if donated, less accumulated depreciation. EIF capitalizes purchases over \$5,000. Depreciation is provided over the estimated useful lives of the assets on the straight-line method as follows:

| | <u>Years</u> |
|---------------------------------------|--------------|
| Office equipment and furniture | 3 to 7 |
| Warehouse equipment | 3 to 7 |
| Transportation equipment | 5 |
| North Shore building and improvements | 3 to 39 |

Impairment of long-lived assets: EIF reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognized as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. As of June 30, 2020 and 2019, EIF has not recognized any reduction in the carrying value of its long-lived assets.

Donated materials and services: Donated materials and services are reflected as contributions in the accompanying statements at their estimated fair value at the date of receipt. EIF recorded the fair value of contributed services totaling \$2,200 during the year ended June 30, 2019, which is included in contributions in the statement of activities. There were no contributed services received during the year ended June 30, 2020.

A substantial number of volunteers (including board members, volunteers from other organizations, and persons contributing court ordered public service) have donated significant amounts of their time to EIF's program services and to its effort in the acquisition of donated food for distribution to agencies. In accordance with GAAP, no amounts have been reflected in the statements for these donated services as no objective basis is available to measure the value of such services.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional allocation of expense: The costs of providing the food distribution program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Personnel expenses are allocated on a basis of time and effort. Occupancy and office expenses are allocated on a square footage basis.

Commitments and contingencies: EIF participates in several federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that EIF has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

Use of estimates in preparation of financial statements: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Summarized comparative financial information: The financial statements include certain prior year summarized comparative financial information that does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with EIF's financial statements for the year ended June 30, 2019, from which the summarized financial information was derived.

Recently adopted accounting standards: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. EIF adopted the new standard effective July 1, 2019, the first day of EIF's fiscal year using the modified retrospective approach.

As part of the adoption of the ASU, EIF chose the option to apply the standard only to contracts that were not completed at the initial date of application, July 1, 2019. EIF also elected the transition practical expedient to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the compensation amount, and allocating the compensation amount. Because contract modifications are minimal, there is not a significant impact as a result of electing this practical expedient.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Effective July 1, 2019, EIF adopted the FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. During the year ended June 30, 2020, EIF adopted the provisions of ASU 2018-08 for transactions in which EIF is a resource recipient. For transactions in which EIF is a resource provider, the new standard is effective for EIF's June 30, 2021, financial statements. The adoption of ASU 2018-08 did not have a significant effect on the financial statements.

Pending accounting pronouncements: In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years beginning after December 15, 2019. EIF is currently evaluating the impact of this new standard on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit-Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires additional qualitative disclosures for contributed services. The new standard is effective for EIF's June 30, 2022, financial statements; early adoption is permitted. EIF is currently evaluating the impact of the adoption of this standard on its financial statements.

Subsequent events: All of the effects of subsequent events that provide additional evidence about conditions that existed at the financial statement date, including the estimates inherent in the process of preparing the financial statements, are recognized in the financial statements. EIF does not recognize subsequent events that provide evidence about conditions that arose after the financial statement date, but before the financial statements are available to be issued. In some cases, nonrecognized subsequent events are disclosed to keep the financial statements from being misleading.

EIF has evaluated subsequent events through February 25, 2021, the date on which the financial statements were available to be issued.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 2. Liquidity and Availability of Resources

EIF regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. EIF has various sources of liquidity at its disposal, including cash, cash equivalents, certificates of deposits, and investments. Additionally, EIF has board designated net assets without donor restrictions that could be made available for current operations, if necessary, even if EIF does not intend to spend these for purposes other than those identified. The table below represents financial assets available for general expenditures within one year of June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|--------------------|
| Cash and cash equivalents | \$ 2,115,193 | \$ 711,274 |
| Certificates of deposit | 219,033 | 204,902 |
| Shared maintenance receivable | 33,934 | 31,791 |
| Grant receivables | 88,412 | 118,105 |
| Pledge receivables, net of discount | 290,494 | 235,301 |
| Investments | 1,208,051 | 1,250,284 |
| | <u>3,955,117</u> | <u>2,551,657</u> |
| Less amounts not available for general expenditures within one year: | | |
| Net assets with donor restrictions | (1,121,730) | (719,447) |
| Board designated net assets (see Note 6) | (1,208,051) | (1,214,382) |
| | <u>(2,329,781)</u> | <u>(1,933,829)</u> |
| Total financial assets available to management for general expenditures within one year | <u>\$ 1,625,336</u> | <u>\$ 617,828</u> |

Note 3. Pledges Receivable

Pledges receivable as of June 30, 2020 and 2019, consisted of the following unconditional promises to give:

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Program campaign pledges | \$ 308,254 | \$ 268,010 |
| Less unamortized discount | 17,760 | 32,709 |
| Discounted program campaign pledges receivable | <u>\$ 290,494</u> | <u>\$ 235,301</u> |
| Discounted program campaign pledges due in future years as follows: | | |
| Less than one year | \$ 106,443 | \$ 69,067 |
| One year to five years | 184,051 | 166,234 |
| | <u>\$ 290,494</u> | <u>\$ 235,301</u> |

During the year ended June 30, 2019, EIF initiated a multi-year Capital Campaign to raise funds to expand and renovate the current building used as both an office and a warehouse. As EIF has grown, space to store products and staff employees has become a challenge. The Capital Campaign funds will be used to renovate the interior and exterior walls, build an addition to expand office needs, demolish an existing structure in the adjacent lot, and resurface the lot to create a new parking lot.

EIF used a discount rate of 3.25 and 5.50 percent as of June 30, 2020 and 2019, respectively.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 4. Property and Equipment

The following is a summary of the property and equipment owned by EIF as of June 30:

| | 2020 | 2019 |
|---------------------------------------|---------------------|---------------------|
| Land | \$ 210,201 | \$ 210,201 |
| North Shore building and improvements | 1,812,351 | 1,680,811 |
| Warehouse equipment | 836,700 | 699,848 |
| Transportation equipment | 889,831 | 889,831 |
| Office equipment and furniture | 87,716 | 94,845 |
| Work in progress | 7,310 | 7,310 |
| | <u>3,844,109</u> | <u>3,582,846</u> |
| Less accumulated depreciation | 1,653,896 | 1,470,960 |
| | <u>\$ 2,190,213</u> | <u>\$ 2,111,886</u> |

Note 5. Fair Value Measurements

The following information is designed to enable the reader of the financial statements to assess the inputs used to develop fair value measurement by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value are required to be classified and disclosed in one of three categories.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The guidance requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the standard establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2. Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3. Significant unobservable inputs that reflect a reporting entity's own assumptions about how other market participants would price an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is below.

Money market funds: Money market funds are valued at cost which is a reasonable estimate of fair value.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 5. Fair Value Measurements (Continued)

Shares of registered investment companies (mutual funds): The fair value of shares of registered investment companies are valued at the quoted market price or at the net asset value (NAV) of the shares held by EIF. The majority of the funds are traded on the open market and are redeemable at any time.

The following tables summarize the assets measured at fair value on a recurring basis as of June 30, 2020 and 2019, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

| | 2020 | | | |
|---|---------------------|---------------------|-------------|-------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Money market funds | \$ 3,773 | \$ 3,773 | \$ - | \$ - |
| Shares of registered investment companies (mutual funds): | | | | |
| Fixed income | 465,168 | 465,168 | - | - |
| International | 247,659 | 247,659 | - | - |
| Real estate | 45,384 | 45,384 | - | - |
| U.S. mid-cap and small-cap | 253,227 | 253,227 | - | - |
| U.S. value | 124,881 | 124,881 | - | - |
| | | <u>\$ 1,140,092</u> | <u>\$ -</u> | <u>\$ -</u> |
| Other, carried at net asset value* | 67,959 | | | |
| | <u>\$ 1,208,051</u> | | | |
| | | | | |
| | 2019 | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Money market funds | \$ 4,957 | \$ 4,957 | \$ - | \$ - |
| Shares of registered investment companies (mutual funds): | | | | |
| Fixed income | 505,832 | 505,832 | - | - |
| International | 237,824 | 237,824 | - | - |
| Real estate | 43,193 | 43,193 | - | - |
| U.S. mid-cap and small-cap | 262,303 | 262,303 | - | - |
| U.S. value | 123,407 | 123,407 | - | - |
| | | <u>\$ 1,177,516</u> | <u>\$ -</u> | <u>\$ -</u> |
| Other, carried at net asset value* | 72,768 | | | |
| | <u>\$ 1,250,284</u> | | | |

* In accordance with Accounting Standards Codification Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 5. Fair Value Measurements (Continued)

The following table sets forth additional disclosures for EIF's investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2020 and 2019:

| | June 30 | | | | |
|------------------------|------------|------------|-------------|------------|--|
| | 2020 | 2019 | Unfunded | Redemption | Redemption |
| | Fair Value | Fair Value | Commitments | Frequency | Notice Period |
| Global credit fund (1) | \$ 67,959 | \$ 72,768 | \$ - | Quarterly | Twenty business days from the offer mailing date |

- (1) This fund invests primarily in global corporate credit, including loans, bonds and other credit instruments that companies use to finance their operations. The fair value of the investment in this class has been estimated using the net asset value of EIF's shares of common stock. The quarterly repurchases will be conducted on such terms as may be determined by the Board of Directors of the investment in its complete and absolute discretion unless, in the judgment of the independent trustees, such repurchases would not be in the best interest of the shareholders or would violate applicable law. The redemptions will be limited each quarter to 5 percent.

Note 6. Endowment Funds

EIF has a fund which has been designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions and board-designated endowments are classified as net assets without donor restrictions.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted in the state of Illinois in 2006. Although UPMIFA does not preclude EIF from spending below the original gift value of donor-restricted endowments, EIF 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. EIF has adopted a policy to not spend from "underwater" endowments unless directed otherwise by the donor. EIF does not currently possess any donor-restricted endowments.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 6. Endowment Funds (Continued)

The changes in board designated endowment net assets as of June 30, 2020 and 2019, are as follows:

| | 2020 | | |
|--|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | \$ 1,214,382 | \$ - | \$ 1,214,382 |
| Investment return, net | 29,570 | - | 29,570 |
| Appropriation of endowment assets for expenditure | (35,901) | - | (35,901) |
| Endowment net assets, end of year | <u>\$ 1,208,051</u> | <u>\$ -</u> | <u>\$ 1,208,051</u> |
| | 2019 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | \$ 1,229,365 | \$ - | \$ 1,229,365 |
| Investment return, net | 22,317 | - | 22,317 |
| Appropriation of endowment assets for expenditure | (37,300) | - | (37,300) |
| Endowment net assets, end of year | <u>\$ 1,214,382</u> | <u>\$ -</u> | <u>\$ 1,214,382</u> |

Return Objectives and Risk Parameters

EIF has adopted an investment policy that attempts to maximize total return consistent with an acceptable risk level. Endowment assets are invested in a portfolio with a diversified asset mix, which includes targets of 55 percent equity and 45 percent fixed income. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to expose the fund to acceptable levels of risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the EIF 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). EIF 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

Interest earnings from the board-designated endowment are designated for agency capacity building to include, but are not limited to, infrastructure projects such as expansion of space or cold storage. EIF's spending policy of the endowment fund is set at 3 percent of the fair value of the total investments at June 30 as long as the investment value is above \$1,000,000; if below this balance, the spending percentage decreases according to the spending policy. Accordingly, over the long term, the EIF expects the spending policy to allow its endowment to steadily grow each year. This is consistent with the EIF'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.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 7. Grants and Other Support Revenue

Net assets with donor restrictions as of June 30, 2020 and 2019, were as follows:

| | | June 30, 2019 | Revenue | Net Assets Released from Restrictions | June 30, 2020 |
|--|-----|---------------------|---------------------|---|---------------------|
| <u>Government Grants and Contracts:</u> | | | | | |
| IDHS - Distribution of commodities | (1) | \$ - | \$ 415,515 | \$ (415,515) | \$ - |
| IDHS - USDA commodities | (1) | 938,040 | 5,259,436 | (5,463,337) | 734,139 |
| | | <u>938,040</u> | <u>5,674,951</u> | <u>(5,878,852)</u> | <u>734,139</u> |
| <u>Other Grants:</u> | | | | | |
| City of Urbana - food distribution | (2) | - | 10,000 | (10,000) | - |
| One-time grants | | - | 779,175 | (779,175) | - |
| | | <u>-</u> | <u>789,175</u> | <u>(789,175)</u> | <u>-</u> |
| <u>Other Programs and Contributions:</u> | | | | | |
| BackPack program: | | | | | |
| Other | (3) | - | 14,580 | (14,580) | - |
| FoodMobile program | (4) | 24,000 | 148,853 | (58,853) | 114,000 |
| Other support - contributions | | 695,447 | 416,475 | (104,192) | 1,007,730 |
| | | <u>\$ 1,657,487</u> | <u>\$ 7,044,034</u> | <u>\$ (6,845,652)</u> | <u>\$ 1,855,869</u> |

- (1) Illinois Department of Human Services: EIF received a \$415,515 grant covering the state fiscal period July 1, 2019 through June 30, 2020, for the distribution of USDA commodities and to assist in the development of emergency pantries in outlying areas. As part of this grant, EIF also received USDA commodities, valued at \$5,259,436, and distributed commodities valued at \$5,463,337. At June 30, 2020, there were USDA commodities on hand valued at \$734,139 and classified as net assets with donor restrictions.
- (2) City of Urbana: A social service grant to help fund food distribution to residents of Urbana and support services.
- (3) BackPack program: Contributions to support the BackPack program, which provides food to students in Champaign County.
- (4) FoodMobile program: Contributions to support the FoodMobile program, which provides food and other household necessities to income-eligible individuals and families in eastern Illinois.

As of June 30, 2020 and 2019, EIF has received conditional contributions of \$1,387,662 and \$633,386, respectively, in the form of food purchase, program, and project grants that require EIF to incur qualifying expenses or other conditions that have not been recognized as revenue in the accompanying financial statements because the conditions on which they depend have not been substantially met. As of June 30, 2020 and 2019, \$186,104 and \$33,132, respectively, have been received and reported as deferred revenue.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 8. Shared Maintenance Revenue

EIF recognized \$310,697 and \$317,807 of shared maintenance revenue, \$153,403 and \$110,762 of purchased product program revenue, respectively, during the years ended June 30, 2020 and 2019. Shared maintenance revenue is recognized on the basis of pounds of product distributed to participating social service agencies. Donated products are distributed at a maximum shared maintenance fee of \$0.19 per pound. On average, \$0.05 per pound in shared maintenance was generated from donated product during the year ended June 30, 2020. Purchased product program revenue is comprised of a fee charged to social service agencies for storage and handling of product which is purchased by EIF. The purchased product revenue is net of \$1,019,971 and \$730,175 of purchased product cost, respectively, during the years ended June 30, 2020 and 2019.

Note 9. Inventories

The majority of the food distributed has been donated. The following presents a summary of food donated and distributed as of June 30, 2020 and 2019:

| | 2020 | |
|----------------------------------|------------------|---------------------|
| | Pounds | Value |
| Inventories, beginning of year | 1,039,561 | \$ 1,622,375 |
| Donated food | 10,819,291 | 17,839,403 |
| Less: | | |
| Food distributed | (9,827,986) | (16,055,522) |
| Food scrapped | (953,601) | (1,667,259) |
| Donated inventories, end of year | <u>1,077,265</u> | <u>\$ 1,738,997</u> |
| | | |
| | 2019 | |
| | Pounds | Value |
| Inventories, beginning of year | 645,445 | \$ 1,056,679 |
| Donated food | 10,394,575 | 16,549,049 |
| Less: | | |
| Food distributed | (9,189,016) | (14,669,258) |
| Food scrapped | (811,443) | (1,314,095) |
| Donated inventories, end of year | <u>1,039,561</u> | <u>\$ 1,622,375</u> |

Inventories at year-end included 516,086 and 617,132 pounds of donated product, 584,554 and 422,429 pounds of USDA commodities for the years ended June 30, 2020 and 2019, respectively.

Purchased product: EIF's inventory includes food and grocery items purchased through a Purchased Product (PP) program; this product is stated at cost in the financial statements. At June 30, 2020 and 2019, respectively, there were 685,146 and 558,933 pounds of PP product in inventory valued at \$481,053 and \$295,899.

Eastern Illinois Foodbank

Notes to Financial Statements

Note 10. Retirement Plan

EIF has a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) plan under Section 408(p) of the Internal Revenue Code. Eligibility is limited to employees receiving at least \$3,000 of compensation for the current and preceding calendar years. EIF contributes a matching amount equal to the eligible employee's salary reduction contributions up to a limit of 3 percent of the employee's compensation for the calendar year. The total amount of matching contributions for the years ended June 30, 2020 and 2019, was \$29,571 and \$27,157, respectively, and is included in employee benefits in the statement of functional expenses.

Note 11. COVID

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of organizations and people in a manner that is having negative effects on local, regional and global economies. Further, financial markets in the United States and globally have recently experienced significant volatility attributed to coronavirus. Management believes they have taken necessary precautions and steps to react to COVID-19, however, the extent to which the coronavirus impacts EIF will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors management is not currently able to predict. Accordingly, management cannot presently estimate the overall operational and financial impact to EIF, but such an impact could have a material adverse effect on the financial condition of EIF.

Paycheck Protection Plan Loan: On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the coronavirus pandemic.

The CARES Act introduced the Paycheck Protection Program (PPP) to provide funding to small businesses with the goal of preventing job loss and business failures due to losses caused by the COVID-19 pandemic. The PPP loan program was available for eligible small businesses, including nonprofits, to provide a forgivable loan to cover payroll and other costs. Through the Small Business Administration (SBA), the PPP loan is a 100 percent federally guaranteed unsecured loan requiring no collateral. A borrower of a PPP loan is eligible for loan forgiveness up to the full amount of the loan and any accrued interest for eligible costs incurred and payments made during the 24-week period after the lender makes the first disbursement of the PPP loan to the borrower, subject to proper documentation.

EIF was eligible to apply for a PPP loan as a nonprofit organization that employed no more than 500 employees whose principal place of residence is in the United States and was in operation as of February 15, 2020. EIF applied for and received a PPP loan through Busey Bank in the amount of \$265,400. EIF is accounting for the loan as a financial liability under FASB ASC 470, *Debt*. The date of the loan is April 28, 2020, and bears interest at a rate of 1.0 percent with a maturity date of two years from the date of the loan. Beginning seven months from the date of the loan, EIF must pay principal and interest payments of \$14,861 every month. The outstanding PPP loan balance was \$265,400 at June 30, 2020. The loan was fully forgiven in November 2020.

Supplementary Information

Illinois Grant Accountability and Transparency Act Grantee Portal - Audit Consolidated Year-End Financial Report

[Grantee Portal](#) / [Audit Reviews](#) / [Audit](#) / [CYEFR](#) / Program

The CYEFR has been submitted. If changes are needing, contact your state cognizant agency.

| | |
|-------------------------|---|
| Agency | Department Of Human Services (444) |
| Program | Emergency Food Assistance Program (Administrative Costs) (444-80-0166) <i>This program as added due to awards found in the CSFA. It cannot be removed.</i> |
| Program Limitations | No |
| Mandatory Match % | No |
| Indirect Cost Rate | 0.00 |
| Indirect Cost Rate Base | |

| Category | State Amount | Federal Amount | Match Amount | Total |
|--|--------------|----------------|--------------|------------|
| Personal Services (Salaries and Wages) | 0.00 | 166,856.00 | 0.00 | 166,856.00 |
| Fringe Benefits | 0.00 | 0.00 | 0.00 | 0.00 |
| Travel | 0.00 | 0.00 | 0.00 | 0.00 |
| Equipment | 0.00 | 51,327.00 | 0.00 | 51,327.00 |
| Supplies | 0.00 | 0.00 | 0.00 | 0.00 |
| Contractual Services | 0.00 | 0.00 | 0.00 | 0.00 |
| Consultant (Professional Services) | 0.00 | 0.00 | 0.00 | 0.00 |
| Construction | 0.00 | 0.00 | 0.00 | 0.00 |
| Occupancy - Rent and Utilities | 0.00 | 0.00 | 0.00 | 0.00 |
| Research and Development | 0.00 | 0.00 | 0.00 | 0.00 |
| Telecommunications | 0.00 | 0.00 | 0.00 | 0.00 |
| Training and Education | 0.00 | 0.00 | 0.00 | 0.00 |
| Direct Administrative Costs | 0.00 | 0.00 | 0.00 | 0.00 |

| Category | State Amount | Federal Amount | Match Amount | Total |
|-----------------------------------|---------------------|-----------------------|---------------------|-------------------|
| Miscellaneous Costs | 0.00 | 55,709.00 | 0.00 | 55,709.00 |
| Third-party in-kind contributions | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Direct Expenses | 0.00 | 273,892.00 | 0.00 | 273,892.00 |
| Indirect Costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Expenses | 0.00 | 273,892.00 | 0.00 | 273,892.00 |

Illinois Grant Accountability and Transparency Act Grantee Portal - Audit Consolidated Year-End Financial Report

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The CYEFR has been submitted. If changes are needing, contact your state cognizant agency.

| | |
|-------------------------|---|
| Agency | Department Of Human Services (444) |
| Program | TRADE MITIGATION PROGRAM OPERATIONAL FUNDS (444-80-2154) <i>This program as added due to awards found in the CSFA. It cannot be removed.</i> |
| Program Limitations | No |
| Mandatory Match % | No |
| Indirect Cost Rate | 0.00 |
| Indirect Cost Rate Base | |

| Category | State Amount | Federal Amount | Match Amount | Total |
|--|--------------|----------------|--------------|-----------|
| Personal Services (Salaries and Wages) | 0.00 | 17,659.40 | 0.00 | 17,659.40 |
| Fringe Benefits | 0.00 | 0.00 | 0.00 | 0.00 |
| Travel | 0.00 | 0.00 | 0.00 | 0.00 |
| Equipment | 0.00 | 56,186.50 | 0.00 | 56,186.50 |
| Supplies | 0.00 | 22,003.13 | 0.00 | 22,003.13 |
| Contractual Services | 0.00 | 0.00 | 0.00 | 0.00 |
| Consultant (Professional Services) | 0.00 | 0.00 | 0.00 | 0.00 |
| Construction | 0.00 | 0.00 | 0.00 | 0.00 |
| Occupancy - Rent and Utilities | 0.00 | 4,313.09 | 0.00 | 4,313.09 |
| Research and Development | 0.00 | 0.00 | 0.00 | 0.00 |
| Telecommunications | 0.00 | 0.00 | 0.00 | 0.00 |
| Training and Education | 0.00 | 0.00 | 0.00 | 0.00 |
| Direct Administrative Costs | 0.00 | 0.00 | 0.00 | 0.00 |

| Category | State Amount | Federal Amount | Match Amount | Total |
|------------------------------|---------------------|-----------------------|---------------------|-------------------|
| Miscellaneous Costs | 0.00 | 34,276.89 | 0.00 | 34,276.89 |
| Total Direct Expenses | 0.00 | 134,439.01 | 0.00 | 134,439.01 |
| Indirect Costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Expenses | 0.00 | 134,439.01 | 0.00 | 134,439.01 |

Illinois Grant Accountability and Transparency Act Grantee Portal - Audit Consolidated Year-End Financial Report

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The CYEFR has been submitted. If changes are needing, contact your state cognizant agency.

| | |
|-------------------------|---|
| Agency | Department Of Human Services (444) |
| Program | Hunger Relief - 0706 (444-80-2224) <i>This program as added due to awards found in the CSFA. It cannot be removed.</i> |
| Program Limitations | No |
| Mandatory Match % | No |
| Indirect Cost Rate | 0.00 |
| Indirect Cost Rate Base | |

| Category | State Amount | Federal Amount | Match Amount | Total |
|--|--------------|----------------|--------------|-------|
| Personal Services (Salaries and Wages) | 0.00 | 0.00 | 0.00 | 0.00 |
| Fringe Benefits | 0.00 | 0.00 | 0.00 | 0.00 |
| Travel | 0.00 | 0.00 | 0.00 | 0.00 |
| Equipment | 0.00 | 0.00 | 0.00 | 0.00 |
| Supplies | 0.00 | 0.00 | 0.00 | 0.00 |
| Contractual Services | 0.00 | 0.00 | 0.00 | 0.00 |
| Consultant (Professional Services) | 0.00 | 0.00 | 0.00 | 0.00 |
| Construction | 0.00 | 0.00 | 0.00 | 0.00 |
| Occupancy - Rent and Utilities | 0.00 | 0.00 | 0.00 | 0.00 |
| Research and Development | 0.00 | 0.00 | 0.00 | 0.00 |
| Telecommunications | 0.00 | 0.00 | 0.00 | 0.00 |
| Training and Education | 0.00 | 0.00 | 0.00 | 0.00 |

| Category | State Amount | Federal Amount | Match Amount | Total |
|------------------------------|---------------------|-----------------------|---------------------|-----------------|
| Direct Administrative Costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Miscellaneous Costs | 7,184.00 | 0.00 | 0.00 | 7,184.00 |
| Total Direct Expenses | 7,184.00 | 0.00 | 0.00 | 7,184.00 |
| Indirect Costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Expenses | 7,184.00 | 0.00 | 0.00 | 7,184.00 |

Illinois Grant Accountability and Transparency Act Grantee Portal - Audit Consolidated Year-End Financial Report

[Grantee Portal](#) / [Audit Reviews](#) / [Audit](#) / [CYEFR](#) / Program

The CYEFR has been submitted. If changes are needing, contact your state cognizant agency.

| Program | Other grant programs and activities | | |
|--|-------------------------------------|--------------|---------------------|
| Category | Direct Federal | Other Amount | Total |
| Personal Services (Salaries and Wages) | 0.00 | 0.00 | 0.00 |
| Fringe Benefits | 0.00 | 0.00 | 0.00 |
| Travel | 0.00 | 0.00 | 0.00 |
| Equipment | 0.00 | 0.00 | 0.00 |
| Supplies | 0.00 | 0.00 | 0.00 |
| Contractual Services | 0.00 | 0.00 | 0.00 |
| Consultant (Professional Services) | 0.00 | 0.00 | 0.00 |
| Construction | 0.00 | 0.00 | 0.00 |
| Occupancy - Rent and Utilities | 0.00 | 0.00 | 0.00 |
| Research and Development | 0.00 | 0.00 | 0.00 |
| Telecommunications | 0.00 | 0.00 | 0.00 |
| Training and Education | 0.00 | 0.00 | 0.00 |
| Direct Administrative Costs | 0.00 | 0.00 | 0.00 |
| Miscellaneous Costs | 3,754,632.21 | 0.00 | 3,754,632.21 |
| Total Direct Expenses | 3,754,632.21 | 0.00 | 3,754,632.21 |

Eastern Illinois Foodbank

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|---|---------------------------|---|------------------------------|----------------------------------|
| U.S. Department of Agriculture | | | | |
| Pass-Through Program from Illinois Department of Human Services: | | | | |
| Food Distribution Cluster | | | | |
| Emergency Food Assistance Programs: | | | | |
| Administrative costs | 10.568 | FCSYH01395 | \$ - | \$ 233,071 |
| Food commodities | 10.569 | FCSYH01395 | 3,430,607 | 3,567,112 |
| COVID-19 food commodities | 10.569 | FCSYH01395 | 187,520 | 187,520 |
| Total Food Distribution Cluster | | | <u>3,618,127</u> | <u>3,987,703</u> |
| Trade Mitigation Food Program | 10.178 | FCSYH05327 | - | 134,439 |
| Total U.S. Department of Agriculture | | | <u>3,618,127</u> | <u>4,122,142</u> |
| U.S. Department of Health and Human Services: | | | | |
| Pass-Through Program from Illinois Department of Human Services: | | | | |
| Temporary Assistance for Needy Families | 93.558 | FCSYH01395 | - | 40,821 |
| Total expenditures of federal awards | | | <u><u>\$ 3,618,127</u></u> | <u><u>\$ 4,162,963</u></u> |

See notes to schedule of expenditures of federal awards.

Eastern Illinois Foodbank

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Eastern Illinois Foodbank (EIF) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of EIF, it is not intended to and does not present the financial position, changes in net assets, or cash flows of EIF.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. EIF has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Non-Cash Assistance

EIF expended \$3,754,632 in food commodities during the year ended June 30, 2020. The expenditures for this program represent the value of donated commodities received. The commodities were valued based on USDA price lists.

Note 4. Loans Outstanding

EIF had no loans outstanding related to federal programs as of June 30, 2020.

Note 5. Insurance

EIF maintains property and liability insurance which management believes is sufficient to meet its needs. None of the insurance coverages are directly funded by federal awards.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Eastern Illinois Foodbank

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Eastern Illinois Foodbank, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Illinois Foodbank's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Illinois Foodbank's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Illinois Foodbank's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Illinois Foodbank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Champaign, Illinois
February 25, 2021

**Report on Compliance for the Major Federal Program and
Report on Internal Control Over Compliance as Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
Eastern Illinois Foodbank

Report on Compliance for the Major Federal Program

We have audited Eastern Illinois Foodbank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Eastern Illinois Foodbank's major federal program for the year ended June 30, 2020. Eastern Illinois Foodbank's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Eastern Illinois Foodbank's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastern Illinois Foodbank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Eastern Illinois Foodbank's compliance.

Opinion on the Major Federal Program

In our opinion, Eastern Illinois Foodbank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Eastern Illinois Foodbank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Eastern Illinois Foodbank's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Eastern Illinois Foodbank's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Champaign, Illinois
February 25, 2021

Eastern Illinois Foodbank

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

I. Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for the major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of the major program:

CFDA Numbers

10.568 and 10.569

Name of Federal Program or Cluster

Food Distribution Cluster

Dollar threshold used to distinguish between type A and type B programs

 \$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

II. Financial Statement Findings

None Noted

III. Findings and Questioned Costs for Federal Awards

None Noted

Eastern Illinois Foodbank

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020**

I. Financial Statement Findings

No matters were reported.

II. Findings and Questioned Costs for Federal Awards

No matters were reported