



FRANKFORT, KENTUCKY

FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

JUNE 30, 2020 AND 2019

**FEEDING KENTUCKY, INC.**

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JUNE 30, 2020 AND 2019

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## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors  
Feeding Kentucky, Inc.  
Frankfort, Kentucky

We have reviewed the accompanying financial statements of Feeding Kentucky Inc., (the "Organization"), which comprise of the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective July 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Accounting for Contributions Received and Contributions Made*.

*Blue & Co., LLC*

Lexington, Kentucky  
December 11, 2020

# FEEDING KENTUCKY, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 893,903	\$ 663,623
Accounts receivable and other current assets	4,999	2,221
Grants receivable, current	100,000	100,000
Total current assets	<u>998,902</u>	<u>765,844</u>
Grants receivable, long-term	-0-	100,000
Total assets	<u>\$ 998,902</u>	<u>\$ 865,844</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 14,523	\$ 41,164
Accrued expenses	12,325	10,428
Total current liabilities	<u>26,848</u>	<u>51,592</u>
Total liabilities	26,848	51,592
Net assets:		
Without donor restrictions	692,358	247,434
With donor restrictions	279,696	566,818
Total net assets	<u>972,054</u>	<u>814,252</u>
Total liabilities and net assets	<u>\$ 998,902</u>	<u>\$ 865,844</u>

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See accompanying notes and review report of independent accountants.

## FEEDING KENTUCKY, INC.

### STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
State grant	\$ -0-	\$ 564,353	\$ 564,353
Membership dues	50,052		50,052
Corporate foundation grants	67,863	138,000	205,863
Private foundation grants	110,000	130,000	240,000
Contributions	364,748	116,956	481,704
Other income	23,759		23,759
Interest	2,751		2,751
Satisfaction of program restrictions	1,236,431	(1,236,431)	-0-
Total revenue and other support	<u>1,855,604</u>	<u>(287,122)</u>	<u>1,568,482</u>
<b>EXPENSES</b>			
Program services	1,374,338		1,374,338
Supporting services:			
General and administrative	27,654		27,654
Fundraising	8,688		8,688
Total expenses	<u>1,410,680</u>	<u>-0-</u>	<u>1,410,680</u>
Change in net assets	444,924	(287,122)	157,802
Net assets at beginning of year	<u>247,434</u>	<u>566,818</u>	<u>814,252</u>
Net assets at end of year	<u>\$ 692,358</u>	<u>\$ 279,696</u>	<u>\$ 972,054</u>

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See accompanying notes and review report of independent accountants.

# FEEDING KENTUCKY, INC.

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>			
State grant	\$ -0-	\$ 528,725	\$ 528,725
Membership dues	50,052		50,052
Corporate foundation grants	60,332	100,000	160,332
Private foundation grants		233,634	233,634
Contributions	14,347	17,430	31,777
Other income	28,436		28,436
Interest	5,047		5,047
Satisfaction of program restrictions	853,694	(853,694)	-0-
Total revenue and other support	<u>1,011,908</u>	<u>26,095</u>	<u>1,038,003</u>
<b>EXPENSES</b>			
Program services	958,273		958,273
Supporting services:			
General and administrative	24,433		24,433
Fundraising	8,432		8,432
Total expenses	<u>991,138</u>	<u>-0-</u>	<u>991,138</u>
Change in net assets	20,770	26,095	46,865
Net assets at beginning of year	<u>226,664</u>	<u>540,723</u>	<u>767,387</u>
Net assets at end of year	<u>\$ 247,434</u>	<u>\$ 566,818</u>	<u>\$ 814,252</u>

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See accompanying notes and review report of independent accountants.

## FEEDING KENTUCKY, INC.

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

	Program Services						
	Kentucky Kids Eat	Farms to Food Banks	Other programs	Total Program Services	General and Administration	Fundraising	Total
Food purchases passed through to members	\$ -0-	\$ 748,102	\$ -0-	\$ 748,102	\$ -0-	\$ -0-	\$ 748,102
Assistance to members	-0-	188,269	-0-	188,269	-0-	-0-	188,269
Assistance to partners	97,250	-0-	71,920	169,170	-0-	-0-	169,170
Salary	39,047	78,095	39,047	156,189	14,040	5,265	175,494
Payroll taxes	2,897	5,794	2,897	11,588	1,042	391	13,021
Consulting and outside services	5,675	11,351	5,675	22,701	2,040	765	25,506
Employee benefits	4,687	9,374	4,687	18,748	1,685	632	21,065
Conference and travel	1,949	3,898	1,949	7,796	-0-	-0-	7,796
Membership and other fees	-0-	-0-	20,428	20,428	1,836	689	22,953
Other office expenses	707	1,414	707	2,828	254	95	3,177
Events and meeting supplies	-0-	-0-	1,566	1,566	-0-	-0-	1,566
Telephone and internet	1,072	2,143	1,072	4,287	385	145	4,817
Printing and postage	1,305	2,611	1,305	5,221	469	176	5,866
Rent	2,335	4,670	2,334	9,339	839	315	10,493
Office supplies	510	1,020	510	2,040	184	69	2,293
Insurance	321	643	321	1,285	116	43	1,444
Website and software	760	1,521	760	3,041	273	103	3,417
Professional development	795	945	-0-	1,740	445	-0-	2,185
Miscellaneous	-0-	-0-	-0-	-0-	4,046	-0-	4,046
	<u>\$ 159,310</u>	<u>\$ 1,059,850</u>	<u>\$ 155,178</u>	<u>\$ 1,374,338</u>	<u>\$ 27,654</u>	<u>\$ 8,688</u>	<u>\$ 1,410,680</u>

See accompanying notes and review report of independent accountants.



**FEEDING KENTUCKY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019

	Program Services			Total Program Services	General and Administration	Fundraising	Total
	Kentucky Kids Eat	Farms to Food Banks	Other programs				
Food purchases passed through to members	\$ -0-	\$ 550,303	\$ -0-	\$ 550,303	\$ -0-	\$ -0-	\$ 550,303
Assistance to members	-0-	78,185	10,000	88,185	-0-	-0-	88,185
Assistance to partners	49,390	-0-	-0-	49,390	-0-	-0-	49,390
Salary	36,900	73,800	36,900	147,600	13,267	4,975	165,842
Payroll taxes	2,771	5,543	2,771	11,085	996	374	12,455
Consulting and outside services	7,227	14,455	7,227	28,909	2,598	974	32,481
Employee benefits	4,506	9,012	4,506	18,024	1,620	608	20,252
Conference and travel	4,430	8,860	4,429	17,719	-0-	-0-	17,719
Membership and other fees	-0-	-0-	18,949	18,949	1,703	639	21,291
Other office expenses	458	917	458	1,833	165	62	2,060
Events and meeting supplies	99	-0-	706	805	-0-	-0-	805
Telephone and internet	910	1,819	909	3,638	327	123	4,088
Printing and postage	1,636	3,273	1,636	6,545	588	221	7,354
Rent	2,138	4,277	2,138	8,553	769	288	9,610
Office supplies	430	859	429	1,718	154	58	1,930
Insurance	223	445	222	890	80	30	1,000
Website and software	597	1,194	596	2,387	214	80	2,681
Professional development	795	945	-0-	1,740	69	-0-	1,809
Miscellaneous	-0-	-0-	-0-	-0-	1,883	-0-	1,883
	<u>\$ 112,510</u>	<u>\$ 753,887</u>	<u>\$ 91,876</u>	<u>\$ 958,273</u>	<u>\$ 24,433</u>	<u>\$ 8,432</u>	<u>\$ 991,138</u>

See accompanying notes and review report of independent accountants.

## FEEDING KENTUCKY, INC.

### STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 157,802	\$ 46,865
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in:		
Accounts receivable and other current assets	(2,778)	1,535
Grants receivable	100,000	100,000
Accounts payable	(26,641)	(7,564)
Accrued expenses	1,897	(4,528)
Net cash flows from operating activities	<u>230,280</u>	<u>136,308</u>
Net change in cash	230,280	136,308
Cash at beginning of year	<u>663,623</u>	<u>527,315</u>
Cash at end of year	<u>\$ 893,903</u>	<u>\$ 663,623</u>

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See accompanying notes and review report of independent accountants.

# FEEDING KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Feeding Kentucky, Inc. (the "Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

#### Nature of Activities

During the fiscal year, the Organization changed its name from Kentucky Association for Food Banks Inc. to Feeding Kentucky, Inc., effective in May 2019. The Organization was founded 2001, and is a non-profit organization dedicated to providing food and quality services to increase the capacity of Kentucky's Feeding America food banks to end hunger. The Organization has seven member food banks, who serve all 120 Kentucky counties and who collaborate with the Organization whose mission is to end hunger.

#### Basis of Accounting

The Organization's financial statements are prepared using the accrual method of accounting. In accordance with this method of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

#### Basis of Presentation

The accompanying financial statements have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

*Net assets without donor restrictions:* Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

*Net assets with donor restrictions:* Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect

# FEEDING KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Receivables

Receivables at June 30, 2020 and 2019 are comprised primarily of balances due from grant agreements. Management monitors the balance on an ongoing basis and estimates that all receivables are fully collectible and no allowance for doubtful accounts is considered necessary at June 30, 2020 and 2019, respectively.

### Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(5) of the Internal Revenue Code. The exemption is on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

The Organization has filed its federal and state income tax returns for periods through June 30, 2020 and is subject to routine audits by taxing jurisdictions. However, as of the date the financial statements were available to be issued, there were no audits for any tax periods in progress. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

### Revenue

Membership dues are recognized as revenue in the applicable membership period. Contributions are recognized in the period received and recorded as unrestricted, temporarily restricted or permanently restricted support based on the existence and nature of any donor restrictions. Grants are recognized as revenue in the period when the award is made by the grantor and are recorded as unrestricted or temporarily restricted support based on the existence and nature of any grantor restrictions.

All other revenues are recognized when earned.

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See review report of independent accountants.

# FEEDING KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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### Functional Allocation of Expenses

The cost of providing the various programs, support and other activities has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel expenses, membership and other fees, telephone and internet, printing and postage, rent, website and software, which are allocated based on estimates of time and effort by personnel. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization. Although the methods used were appropriate, alternative methods may provide different results.

### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period one year from the date the financial statements are available to be issued.

### Agency Relationships

The Organization acts in an agency capacity for its members and certain unaffiliated partner organizations. This includes the collection of cash, payment of expenses and the record keeping for fundraising events that are held during the year. In connection with these events, the Organization receives cash donations designated by the donors to be passed-through to member food banks and unaffiliated partner organizations. Monies are transferred upon the completion of such events. Any amounts that have not yet been passed through are recorded on the statement of financial position as a liability. As of June 30, 2019 and 2018, the amount not yet passed through totaled \$-0-, respectively.

### Recently Issued Accounting Standards

On May 28, 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". On August 12, 2015, the FASB further amended this guidance and issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date for all entities by one year. These new standards, which the Organization is not required to adopt until its year ended June 30, 2021, deal with the timing of reporting revenues from grant agreements, and disclosures related thereto.

# FEEDING KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard, which the Organization is not required to adopt until its year ending June 30, 2023, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

The Organization is presently evaluating the effects that these ASU's will have on its future financial statements, including related disclosures.

### Subsequent Events

The Organization evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 11, 2020, which is the date the financial statements are available to be issued.

## **2. CHANGES IN ACCOUNTING PRINCIPLES**

Effective July 1, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidelines about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return on assets transferred or a right of release of a promisor's obligation to transfer assets. Finally, the ASU amends the "simultaneous release accounting policy" to allow a not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The adoption of ASU 2018-08 had no impact on the Organization's financial statements.

# FEEDING KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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### 3. WITH DONOR RESTRICTED NET ASSETS

With donor restricted net assets consist of the following at June 30:

	2020	2019
Kentucky Kids Eat	\$ 7,044	\$ -0-
Farms to Food Banks	165,602	394,361
KY-Grown Vegetable Incentive Program	105,244	160,610
Other	1,806	11,847
	<u>\$ 279,696</u>	<u>\$ 566,818</u>

Kentucky Kids Eat: represents donor restricted net assets to provide funds for the Kentucky Kids Eat program, which addresses issues as it relates to childhood hunger through a statewide cross-sector collaboration.

Farms to Food Banks: represents donor restricted net assets to provide funds for the Farms to Food Banks program, which reduces losses for farmers by purchasing at just below wholesale prices, and distributing it at no cost to struggling Kentuckians through the food bank network.

KY-Grown Vegetable Incentive Program (K-VIP): represents donor restricted net assets to provide funds for the K-VIP program, which is an incentive to help cover some of the costs of procuring fresh produce from Kentucky farmers.

### 4. CONCENTRATIONS

The Organization received 56% and 57% of its grant revenues from two grantees for the year ended June 30, 2020 and 2019, respectively. Receivables due from these grantees represent approximately 100% of the Organization's grants receivables at June 30, 2020 and 2019.

The Organization maintains its cash at financial institutions. The cash balance in the account may, at times, exceed federally insured limits. At June 30, 2020 and 2019, the Organization's uninsured balance totaled approximately \$576,000 and \$256,000, respectively.

### 5. RETIREMENT PLAN

The Organization sponsors a simplified employee pension plan (the "Plan") covering all eligible employees. Each year, the Organization contributes an amount equal to 5% of each employee's annual salary. The Organization contributed approximately \$5,900 and \$6,000 to the Plan for the years ended June 30, 2020 and 2019, respectively.

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See review report of independent accountants.

# FEEDING KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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### 6. LEASE AGREEMENT

On June 1, 2017, the Organization signed a three-year lease agreement for office space calling for monthly payments for \$750 which originally ended on May 31, 2020. In October 2018, this agreement was amended, and the parties agreed to a month-to-month lease term. Rent expense under this lease for the year ended June 30, 2019, totaled \$9,610.

On May 29, 2019, the Organization entered into a new lease agreement with a two-year term which began on July 1, 2019. Rent expense under this lease for the year ended June 30, 2020, totaled \$10,429. Future minimum lease payments under this lease is \$10,800 for the year ended June 20, 2021.

### 7. RELATED-PARTY TRANSACTIONS

The Organization collaborates with seven Feeding America food banks that pay member dues to the Organization. Membership dues are based on a \$2,500 base amount and the Feeding America goal factor (poverty and unemployment rates) for counties served in Kentucky. The Organization received \$50,052 in membership dues during the fiscal years ended June 30, 2020 and 2019. Food purchased for direct delivery to members totaled \$748,102 and \$550,303 for the years ended June 30, 2020 and 2019, respectively. Direct financial assistance paid to members for the years ended June 30, 2020 and 2019 totaled \$188,269 and \$88,185, respectively.

### 8. AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2020 and 2019, the Organization had \$898,902 and \$665,844 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditure, respectively. Which consist of the following:

	2020	2019
Cash and cash equivalents	\$ 893,903	\$ 663,623
Receivables	4,999	2,221
	<u>\$ 898,902</u>	<u>\$ 665,844</u>

The Organization's structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.