

Feeding Kentucky, Inc.

Frankfort, Kentucky

Audited Financial Statements
&
Supplementary Information

Feeding Kentucky, Inc.

Table of Contents June 30, 2024 & 2023

	Page
Independent Auditor's Report	1-3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statement of Cash Flows	9
Notes to the Financial Statements	10-15
Supplementary Information	
Other Reporting Required by Government Auditing Standards	
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>	16-17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	18-20
Schedule of Expenditures of Federal Awards	21
Schedule of Findings & Questioned Costs	22
Notes to the Schedule of Expenditures of Federal Awards	23



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements¹

Opinion

We have audited the financial statements of Feeding Kentucky Inc., (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Feeding Kentucky Inc as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Feeding Kentucky Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The June 30th, 2023, financial statements were reviewed by us and our report thereon, dated December 14, 2023, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Feeding Kentucky Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Feeding Kentucky Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Feeding Kentucky Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 16 to 23 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is also not a required part of the financial statements. The accompanying supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were 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 20th, 2025, on our consideration of Feeding Kentucky Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Feeding Kentucky Inc.'s internal control over financial reporting and compliance.

Charles T. Mitchell Co.

Frankfort, Kentucky
February 20, 2025

Feeding Kentucky, Inc.
 Statements of Financial Position
 For the Years Ended June 30, 2024 & 2023

	<u>Audited</u>	<u>Reviewed</u>
	2024	2023
Assets		
Current Assets:		
Cash	\$ 510,009	\$ 1,006,648
Prepays Other Current Assets	149	1,432
Grants Receivable	411,087	122,473
Total Current Assets	921,245	1,130,553
Operating Lease Right-of-Use Asset, Net of Accumulated Amortization	12,000	24,000
Property, Plant, and Equipment, Net of Accumulated Depreciation	846	-
Total Assets	\$ 934,091	\$ 1,154,553
Liabilities and Net Assets		
Current Liabilities:		
Account Payable	\$ 68,088	\$ 7,786
Accrued Expenses	46,513	29,927
Operating Lease Right-of-Use Liabilities	12,000	12,000
Total Current Liabilities	126,601	49,713
Non-Current Liabilities:		
Lease Liability	-	12,000
Total Non-Current Liabilities	-	12,000
Total Liabilities	126,601.0	61,713.0
Net Assets:		
Without Donor Restrictions	263,682	930,896
With Donor Restrictions	543,808	161,944
Total Net Assets	807,490	1,092,840
Total Liabilities and Net Assets	\$ 934,091	\$ 1,154,553

See Accompanying Notes and Independent Auditor's Report.

Feeding Kentucky, Inc.
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
State Grant	\$ 185,304	\$ 431,144	\$ 616,448
Membership Dues	50,000	-	50,000
Corporate Foundation Grants	-	98,054	98,054
Private Foundation Grants	39,506	-	39,506
Federal Grants	-	1,096,020	1,096,020
Contributions	348,000	-	348,000
Other Income	95,725	-	95,725
Interest	20,769	-	20,769
Satisfaction of Program Restrictions	1,243,354	(1,243,354)	-
Total Revenue and Other Support	<u>1,982,658</u>	<u>381,864</u>	<u>2,364,522</u>
Expenses			
Program Services	2,513,908	-	2,513,908
Supporting Services			
General and Administrative	47,047	-	47,047
Fundraising	88,918	-	88,918
Total Expenses	<u>2,649,872</u>	<u>-</u>	<u>2,649,872</u>
Change in Net Assets	(667,214)	381,864	(285,350)
Net Assets at Beginning of Year	<u>930,896</u>	<u>161,944</u>	<u>1,092,840</u>
Net Assets at End of Year	<u>\$ 263,682</u>	<u>\$ 543,808</u>	<u>\$ 807,490</u>

See Accompanying Notes and Independent Auditor's Report.

Feeding Kentucky, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
State Grant	\$ -	\$ 887,689	\$ 887,689
Membership Dues	57,394	-	57,394
Corporate Foundation Grants	-	383,592	383,592
Private Foundation Grants	11,320	205,100	216,420
Federal Grants	-	257,465	257,465
Contributions	84,190	307,401	391,591
Other Income	5,788	115,629	121,417
Interest	895	-	895
Satisfaction of Program Restrictions	2,253,324	(2,253,324)	-
Total Revenue and Other Support	<u>2,412,911</u>	<u>(96,448)</u>	<u>2,316,463</u>
Expenses			
Program Services	2,313,122	-	2,313,122
Supporting Services:			
General and Administrative	20,856	-	20,856
Fundraising	125,597	-	125,597
Total Expenses	<u>2,459,576</u>	<u>-</u>	<u>2,459,576</u>
Change in Net Assets	(46,665)	(96,448)	(143,113)
Net Assets at Beginning of Year	<u>977,561</u>	<u>258,392</u>	<u>1,235,953</u>
Net Assets at End of Year	<u>\$ 930,896</u>	<u>\$ 161,944</u>	<u>\$ 1,092,840</u>

See Accompanying Notes and Independent Auditor's Report.

Feeding Kentucky, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2024

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Food Purchases Passed				
Through to Members	\$ 1,881,390	\$ -	\$ -	\$ 1,881,390
Assistance to Members	155,877	-	-	155,877
Assistance to Partners	24,859	-	-	24,859
Salary	226,353	8,790	58,822	293,965
Payroll Taxes	16,813	653	4,369	21,835
Consulting and Outside Services	87,166	26,036	-	113,202
Employee Benefits	26,611	1,033	6,915	34,560
Conference and Travel	33,150	-	-	33,150
Membership and Other Fees	2,547	99	662	3,308
Other Office Expenses	238	9	62	309
Events and Meeting Supplies	8,694	-	2,174	10,868
Telephone & Internet	6,553	254	1,703	8,511
Printing & Postage	9,938	386	2,582	12,906
Office Supplies	2,440	95	634	3,169
Insurance	11,023	428	2,864	14,315
Website and Software	10,683	415	2,776	13,874
Advertising and Marketing	-	-	5,353	5,353
Depreciation Expense	333	99	-	432
ROU Asset Amortization	9,240	2,760	-	12,000
Miscellaneous	-	5,989	-	5,989
	<u>\$ 2,513,908</u>	<u>\$ 47,047</u>	<u>\$ 88,918</u>	<u>\$ 2,649,872</u>

See Accompanying Notes and Independent Auditor's Report.

Feeding Kentucky, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Supporting Services			Total
	Program Services	General and Administrative	Fundraising	
Food Purchases Passed				
Through to Members	\$ 1,609,824	\$ -	\$ -	\$ 1,609,824
Assistance to Members	148,362	-	-	148,362
Assistance to Partners	39,000	-	-	39,000
Salary	255,968	9,940	66,518	332,426
Payroll Taxes	17,287	671	4,492	22,450
Consulting and Outside Services	56,700	2,202	14,734	73,635
Employee Benefits	76,508	2,971	19,882	99,361
Conference and Travel	34,256	-	-	34,256
Membership and Other Fees	1,798	70	467	2,335
Other Office Expenses	5,753	223	1,495	7,471
Events and Meeting Supplies	13,283	-	3,321	16,604
Telephone & Internet	7,253	282	1,885	9,419
Printing & Postage	22,229	863	5,777	28,869
Rent	8,316	323	2,161	10,800
Office Supplies	3,792	147	985	4,925
Insurance	5,740	223	1,492	7,455
Website and Software	7,054	274	1,833	9,161
Advertising and Marketing	-	-	555	555
Miscellaneous	-	2,668	-	2,668
	\$ 2,313,122	\$ 20,856	\$ 125,597	\$ 2,459,576

See Accompanying Notes and Independent Auditor's Report.

Feeding Kentucky, Inc.
Statement of Cash Flows
For the Years Ended June 30, 2024 & 2023

	<u>Audited</u> 2024	<u>Reviewed</u> 2023
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (285,350)	\$ (143,113)
Adjustments to Reconcile Change in Net Assets		
Used in Operating Activities		
Depreciation	432	-
Change in Operating Lease Right-of Use Asset	12,000	-
Change in:		
Accounts Receivable and Other Current Assets	1,283	1,436
Grants Receivable	(288,614)	(122,473)
Accounts Payable	60,302	(2,601)
Accrued Expenses	16,592	13,124
Operating Lease Right-of-Use Liabilities	(12,000)	-
Net Cash Provided by Operating Activities	(495,355)	(253,627)
Cash Flows from Investing Activities:		
Purchase of Equipment	(1,284)	-
Net Cash Provided by Investing Activities	(1,284)	-
Net Change in Cash	(496,639)	(253,627)
Cash at Beginning of Year	1,006,648	1,260,275
Cash at End of Year	\$ 510,009	\$ 1,006,648

See Accompanying Notes and Independent Auditor's Report.

Feeding Kentucky, Inc.
Notes to the Financial Statements
June 30, 2024 & 2023

Note 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

The Organization changed its name from Kentucky Association for Food Banks Inc. to Feeding Kentucky, Inc., effective in May 2019. The Organization was founded in 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. The Organization's financial presentation is in accordance with generally accepted accounting principles (GAAP). Under GAAP, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. 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 without donor-imposed restrictions represent the portion of expendable funds that is currently available for operating purposes of the organization under the direction of the board or designated by the board for specific use.

Net Assets With Donor Restrictions: Net assets with donor-imposed restrictions are limited as to use by donor-imposed restrictions that either expire with passage of time or that can be fulfilled or removed by actions of the organization. When net assets with donor restrictions expire, net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The organization has no net assets that are required to be maintained in perpetuity.

Estimates

The preparation of financial statements in conformity with accounting principles general accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Receivables

Receivables at June 30, 2024 and 2023 are comprised primarily of balances due from grant agreements. Management monitors the balance on an ongoing basis and estimates that all receivables are fully collectable and no allowance for doubtful accounts is considered necessary at June 30, 2024 and 2023, respectively. There were no write-offs for the years ended June 30, 2024 and 2023.

Feeding Kentucky, Inc.
Notes to the Financial Statements
June 30, 2024 & 2023

Note 1 – Summary of Significant Accounting Policies (*Continued*)

Income Tax Status

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 purposes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize 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 positions taken by the Organization, and has concluded that as of June 30, 2024 and 2023 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

Revenue Recognition

The Organization recognizes revenue from events at the time the events are held. Membership dues, which are nonrefundable, are recognized based on the value of benefits provided over the membership period. These dues are recognized as contract liabilities at the time they are received and recognized as contract revenues as the performance obligations are realized. Event Receipts are recognized as contract liabilities when received and recognized as revenue in the period in which the conference or event occurs. For the year-ended June 30, 2024 and 2023 there were \$-0- in contract assets and contract liabilities, respectively.

Contributions and grant revenue are scoped out of Accounting Standards Update ("ASU") 2014-09, Revenue From Contracts With Customers (Topic 606) which the Organization adopted as of and for the year ended June 30, 2020 with no material impact to those financial statements.

Contributions from the general public, governmental agencies, philanthropic foundations, and other organizations are recognized as support in the period when cash, securities or other assets or an unconditional promise to give is received. Contributions that are not restricted by the donor or restricted by time are reported as an increase in net assets without donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the reporting period in which the revenue is received. Satisfaction of donor restrictions on net assets, either by fulfillment of the stipulated purpose or the passage of time, are reported as reclassifications between the applicable classes of net assets. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Other revenues are recognized when earned.

Feeding Kentucky, Inc.
Notes to the Financial Statements
June 30, 2024 & 2023

Note 1 – Summary of Significant Accounting Policies (*Continued*)

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The main expenses that are allocated include salaries and wages and related employee benefits and payroll taxes which are allocated on the basis of estimates of time and effort. 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.

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 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, 2024 and 2023 the amount not yet passed through totaled \$-0- respectively.

Recent Accounting Pronouncements

In June 2016, FASB issued Accounting Standards Update (“ASU”) 2016_13, Financial Instruments - Credit Losses. The standard requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. The Organization adopted the standard effective January 1, 2023, with an immaterial effect to the financial statements.

Advertising

Advertising costs are expensed as incurred and are reported in the statements of functional expenses. Advertising expense was \$5,353 and \$555 for the years ended 2024 and 2023.

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.

Pursuant to a January 27, 2025, memo from the Office of Management and Budget (M-25-13), the federal government is reviewing programs to determine whether federal funding aligns with the objectives of the program. Management does not believe the federal funds received and expended are outside the scope and intent of the grants. Management acknowledges that there is the potential risk of a pause in payments’ and reimbursements that could put pressure on Feeding Kentucky Inc.’s short-term liquidity needs.

Subsequent events have been evaluated through February 20, 2025, which is the date the financial statements are available to be issued, and no pause in payment or reimbursement has occurred.

Feeding Kentucky, Inc.
Notes to the Financial Statements
June 30, 2024 & 2023

Note 2 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2024	2023
Kentucky Kids Eat	\$ 86,853	\$ -
Farms to Food Banks	155,800	-
Feeding America Advocacy	226,842	143,974
Mazon	19,423	17,970
Other	54,890	-
	\$ 543,808	\$ 161,944

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 purchase of produce from local farmers and producers to address food insecurity in the state of Kentucky.

Feeding America Advocacy:

Represents donor restricted net assets to provide funds for building and maintaining a robust advocacy program to represent the families served by Feeding Kentucky, Inc.

Mazon:

Represents donor restricted net assets from the Jewish Response to Hunger related to advocacy and policy support work conducted to end hunger among people of all faiths and backgrounds.

Other:

Represents donor restricted net assets to provide funding in support of general operation of Feeding Kentucky Inc.

Note 3 – Concentrations

The Organization received 45% and 26% of its revenues from one grantee for the years ended June 30, 2024 and 2023, respectively.

The Organization maintains its cash at financial institutions. The cash balance in the account may, at times, exceed federally insured limits. At June 30, 2024 and 2023, the Organization's uninsured balance totaled approximately \$259,704 and \$726,023, respectively.

Feeding Kentucky, Inc.
Notes to the Financial Statements
June 30, 2024 & 2023

Note 4 – Retirement Plans

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 \$10,799 and \$2,737 to the Plan for the years ended June 30, 2024 and 2023 respectively.

Note 5 – FASB ASC 842 Leases

The Organization accounts for leases in accordance with FASB ASC 842, "Leases," which requires lessees to recognize a right-of-use asset and a corresponding lease liability for all leases with a term of more than 12 months.

The Organization entered into a two-year Office lease agreement on July 1, 2023. The Lease requires fixed monthly payments of \$1,000, totally \$12,000 per year, for a total commitment of \$24,000 over the two-year term. There are no renewal options, purchase options, or contingent rent clauses associated with this lease. This lease is classified as an operating lease.

In accordance with ASC 842, the Organization recognized an initial right-of-use asset (operating lease asset) and a corresponding operating lease liability of \$24,000 on the balance sheet, representing the present value of the lease payments. The lease did not contain an implicit or explicit interest rate. Overall the net present balance utilizing the risk-free discount rate would not materially change the future payments.

Year End	Principal	Interest	Total
6/30/2025	\$ 12,000	\$ -	\$ 12,000
	\$ 12,000	\$ -	\$ 12,000

As of June 30, 2024, the balance of the right-of-use asset and lease liability are each \$12,000. The asset is presented as a current asset and liability as both current and non-current liabilities on the statement of financial position. As of the date of the Auditor's report, management has not renewed the lease.

Note 6 – Property and Equipment

The following is a summary of property and equipment, valued at cost, less accumulated depreciation as of June 30, 2024.

	Cost	Accumulated Depreciation	Book Value
Furniture & Fixtures	1,284	438	846
Total	\$ 1,284	\$ 438	\$ 846

Depreciation expense for the year's ended June 30, 2024, and 2023, was and \$432 and -\$0- respectively.

Feeding Kentucky, Inc.
Notes to the Financial Statements
June 30, 2024 & 2023

Note 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 \$50,000 and \$57,394 in membership dues during the fiscal years ended June 30, 2024 and 2023 respectively. Food purchased for direct delivery to members totaled \$1,6864,879 and \$1,609,824 for the years ended June 30, 2024 and 2023, respectively. Direct financial assistance paid to members for the years ended June 30, 2024 and 2023 totaled \$155,226 and \$148,362 respectively.

Note 8 – Availability of Financial Assets

As of June 30, 2024 and 2023, the Organization had \$911,619 and \$967,177 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures, respectively, which consist of the following:

	2024	2023
Financial Assets:		
Cash and Cash Equivalents	\$ 510,009	\$ 1,006,648
Receivables	411,087	122,473
Total Financial Assets	921,096	1,129,121
Less Financial Assets held to meet donor-imposed restrictions	(543,808)	(161,944)
Less Financial Assets not available within one year	-	-
Less Board-Designated Funds	-	-
	\$ 377,288	\$ 967,177

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

Note 9 – Contingency

Certain grant programs of the Organization are subject to potential audits by agents of each individual granting authority. The purpose of such an audit is to ensure compliance with conditions precedent to the granting of funds. Revenues generated by the grants programs may be disallowed in subsequent periods as a result of these audits. Management believes that the Organization has materially complied with all grant agreements for the years ended June 30, 2024 and 2023.



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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 *Government Auditing Standards*

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

We have audited 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, the financial statements of Feeding Kentucky Inc., which comprise the statement of financial position as of June 30, 2024, 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 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Feeding Kentucky Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Feeding Kentucky Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Feeding Kentucky Inc.'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Feeding Kentucky Inc.'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.

Charles T. Mitchell Co.

Frankfort, Kentucky
February 20, 2025



Partners
James E. Clouse, CPA
Greg Miklaveic, CPA
Ryan Moore, CPA

Charles T. Mitchell Company, PLLC
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Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal Control
Over Compliance in Accordance with the
Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Feeding Kentucky Inc.'s, (a not-for-profit organization), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Feeding Kentucky Inc.'s major federal programs for the year ended June 30, 2024. Feeding Kentucky Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Feeding Kentucky Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Feeding Kentucky Inc and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Feeding Kentucky Inc's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Feeding Kentucky Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Feeding Kentucky Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Feeding Kentucky Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Feeding Kentucky Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Feeding Kentucky Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Feeding Kentucky Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Charles T. Mitchell Co.

Frankfort, Kentucky
February 20, 2025

Feeding Kentucky, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ <u>Program Title:</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor Number</u>	<u>Amount Expenditures</u>
US DEPARTMENT OF AGRICULTURE			
Kentucky Department of Agriculture			
Indirect			
Local Food Purchase Assistance Cooperative Agreement Program	10.182	Q8K6DER1H1X4	\$ 1,077,217
Indirect			
TEFAP Federal Farm to Food Bank Project	10.568	Q8K6DER1H1X4	12,560
Indirect			
TEFAP Federal Farm to Food Bank Project 2023	10.568	Q8K6DER1H1X4	46,551
Total Kentucky Department of Agriculture			1,136,328
 Food Research & Action Center, Inc.			
Indirect			
Equitable Access in Child Nutrition ("EA-CN") Programs Project	10.579	V5KQJY61BB96	23,660
Total Food Research & Action Center, Inc.			23,660
TOTAL US DEPARTMENT OF AGRICULTURE			1,159,988
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,159,988

Feeding Kentucky, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____yes X no
- Significant deficiency identified that are not considered to be material weaknesses _____yes X no

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____yes X no
- Significant deficiency identified that are not considered to be material weaknesses _____yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance _____yes X no

Identification of major programs:

ALN Number	Name of Federal Program of Cluster
10.182	Local Food Purchase Assistance Cooperative Agreement Program

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? ___yes X no

Findings Required to be Reported under Generally Accepted Government Auditing Standards

None.

Findings and Questioned Costs for Major Federal Award Programs

None. Section II – Financial Statement Findings

None. Section III – Federal Program Award Findings

None. Section IV – Summary Schedule of Prior Audit Findings

N/A

Feeding Kentucky, Inc.
Notes to the Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Feeding Kentucky Inc. Under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance (2 CFR Part 200, Subpart F – Audit Requirements). Because the schedule presents only a selected portion of the operations of Feeding Kentucky Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the organization.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the SEFA are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

Feeding Kentucky, Inc. has elected an indirect cost plan which allocates indirect cost based on percentage charge to payroll. Inc. Elected not to use the 10% de minimis indirect cost rate.

Note 4 – Federal Reimbursements

The organization receives federal funds on a **reimbursement basis**, meaning that expenditures are incurred first, and then reimbursement is requested from the awarding federal agency. Revenue is recognized when eligible expenses have been incurred and approved.

Note 5 – Loan and Loan Guarantee Programs

The organization did **not** participate in any federal loan or loan guarantee programs during the fiscal year.

Note 6 – Subrecipients

Feeding Kentucky, Inc. did **not** pass through any federal funds to subrecipients during the year.

Note 7 – Reconciliation to Financial Statements

The expenditures reported in the SEFA are reconciled to the amounts reported in the organization's financial statements for the same period.

Note 8 – Other Disclosures

- No federal awards were used for matching, cost-sharing, or program income requirements.
- No suspensions or debarments were encountered.
- The organization complied with all federal award requirements under the grant agreements.