

**FEEDING NEW YORK STATE
FINANCIAL REPORT
JUNE 30, 2020**

FEEDING NEW YORK STATE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Feeding New York State

We have audited the accompanying financial statements of Feeding New York State (a New York not-for-profit organization), 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.

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. 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 judgement, 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 Feeding New York State as of June 30, 2020, and the change 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.

Emphasis of Matter - Effect of Adopting New Accounting Standard

As discussed in Note 1 to the financial statements, in fiscal year 2020, Feeding New York State adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Marvin and Company, P.C.

Latham, NY

February 1, 2021

**FEEDING NEW YORK STATE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

ASSETS

Current Assets

| | |
|--|------------------|
| Cash | \$ 940,400 |
| Accounts receivable - governmental contracts | 772,905 |
| Prepaid expenses and security deposit | 1,300 |
| Total Current Assets | <u>1,714,605</u> |

TOTAL ASSETS \$ 1,714,605

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 689,407 |
| Salaries and annual leave payable | 24,457 |
| Membership dues received in advance | 80,000 |
| Total Current Liabilities | <u>793,864</u> |

Contingent Liabilities

Net Assets

| | |
|---------------------------------------|----------------|
| Net assets without donor restrictions | 319,483 |
| Net assets with donor restrictions | 601,258 |
| Total Net Assets | <u>920,741</u> |

TOTAL LIABILITIES AND NET ASSETS \$ 1,714,605

**FEEDING NEW YORK STATE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|---------------------------------------|--|---|---------------------|
| Revenues and Support | | | |
| Membership dues | \$ 90,000 | \$ - | \$ 90,000 |
| Public support | | | |
| Governmental contracts | 1,256,611 | - | 1,256,611 |
| Contributions and grants | 215,163 | 634,757 | 849,920 |
| Interest | 518 | - | 518 |
| Net assets released from restrictions | 33,499 | (33,499) | - |
| Total Revenues and Support | <u>1,595,791</u> | <u>601,258</u> | <u>2,197,049</u> |
| Expenses | | | |
| Salaries | 150,678 | - | 150,678 |
| Payroll taxes and employee benefits | 13,838 | - | 13,838 |
| Consultant | 1,250 | - | 1,250 |
| Professional fees | 13,406 | - | 13,406 |
| Insurance | 1,224 | - | 1,224 |
| Dues and fees | 340 | - | 340 |
| Information technology/web-site | 17,854 | - | 17,854 |
| Postage | 298 | - | 298 |
| Supplies | 35,380 | - | 35,380 |
| Printing and copying | 5,811 | - | 5,811 |
| Telephone and communications | 3,937 | - | 3,937 |
| Rent | 8,805 | - | 8,805 |
| Travel and meetings | 8,466 | - | 8,466 |
| Grants made-support to organizations | 1,131,212 | - | 1,131,212 |
| Miscellaneous | 9,702 | - | 9,702 |
| Depreciation | 705 | - | 705 |
| Total Expenses | <u>1,402,906</u> | <u>-</u> | <u>1,402,906</u> |
| Changes in Net Assets | 192,885 | 601,258 | 794,143 |
| Net Assets, Beginning of Year | <u>126,598</u> | <u>-</u> | <u>126,598</u> |
| Net Assets, End of Year | <u>\$ 319,483</u> | <u>\$ 601,258</u> | <u>\$ 920,741</u> |

See accompanying notes to financial statements.

**FEEDING NEW YORK STATE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Program Services</u> | <u>Supporting Services</u> | | <u>Total</u> |
|--|-----------------------------|---------------------------------------|------------------------|----------------------------|
| | <u>End Hunger</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| Salaries | \$ 125,063 | \$ 24,108 | \$ 1,507 | \$ 150,678 |
| Payroll taxes and employee benefits | 11,486 | 2,214 | 138 | 13,838 |
| Total Personnel Services | <u>136,549</u> | <u>26,322</u> | <u>1,645</u> | <u>164,516</u> |
| Consultant | 1,250 | - | - | 1,250 |
| Professional fees | - | 13,406 | - | 13,406 |
| Insurance | 1,016 | 208 | - | 1,224 |
| Dues and fees | 282 | 58 | - | 340 |
| Information technology/website | 12,498 | 5,356 | - | 17,854 |
| Postage | 247 | 48 | 3 | 298 |
| Supplies | 29,365 | 5,661 | 354 | 35,380 |
| Printing and copying | 4,881 | 930 | - | 5,811 |
| Telephone and communications | 3,268 | 630 | 39 | 3,937 |
| Rent | 7,396 | 1,409 | - | 8,805 |
| Travel and meetings | 7,027 | 1,439 | - | 8,466 |
| Grants made - support to organizations | 1,131,212 | - | - | 1,131,212 |
| Miscellaneous | - | 9,702 | - | 9,702 |
| Depreciation | 585 | 120 | - | 705 |
| Total Expenses | <u><u>\$ 1,335,576</u></u> | <u><u>\$ 65,289</u></u> | <u><u>\$ 2,041</u></u> | <u><u>\$ 1,402,906</u></u> |

See accompanying notes to financial statements.

**FEEDING NEW YORK STATE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Cash Flows From Operating Activities

| | |
|---|--------------------------|
| Change in net assets | \$ 794,143 |
| Adjustment to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation | 705 |
| Change in operating assets and liabilities | |
| Accounts receivable - governmental contracts | (570,188) |
| Accounts payable and accrued expenses | 500,861 |
| Salaries and annual leave payable | 18,797 |
| Membership dues received in advance | 80,000 |
| Net Cash Provided By Operating Activities and Increase in Cash | <u>824,318</u> |
| Cash, Beginning of Year | <u>116,082</u> |
| Cash, End of Year | <u><u>\$ 940,400</u></u> |

**FEEDING NEW YORK STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Income Tax Status

Feeding New York State, incorporated as Food Bank Association of New York State, Inc., is a not-for-profit organization representing regional food banks (member food banks) located in the State of New York. The mission of Feeding New York State is to ensure that every person in every community has access to good healthy food and to lead a unified effort for a hunger-free State of New York. The mission of food banking is to obtain food and deliver it to emergency food programs. Feeding New York State works to end hunger by assisting the food bank network in obtaining food and funds, fostering public awareness of the food banks' mission, and creating partnerships to help alleviate hunger in the State of New York. The executive director of each member food bank serves on Feeding New York State's Board of Directors. Membership dues totaled \$90,000 during 2020. Feeding New York State is supported primarily through public support, principally governmental contracts.

Feeding New York State is an organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on activities related to its exempt purpose. Feeding New York State qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. There is no provision for income taxes included in the financial statements. Management has determined that all tax positions would be sustained upon examination by taxing authorities. There are no taxing authority examinations in progress.

New Accounting Pronouncement

Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, was issued by the Financial Accounting Standards Board (FASB) in June 2018. The new ASU is intended to assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonexchange transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange transactions subject to other guidance, and 2) determining whether a contribution is conditional. The ASU clarifies that a contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for Feeding New York State for the year ended June 30, 2020. Feeding New York State's adoption of the ASU on a modified prospective basis did not have a material effect on its financial statements.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting which recognizes income when earned, expenses when incurred, and reflects all significant receivables, payables, and other liabilities.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of Feeding New York State and changes therein are classified and reported as follows:

Without Donor Restrictions - Net assets that are not subject to any donor-imposed stipulations.

**FEEDING NEW YORK STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

With Donor Restrictions - Net assets subject to externally imposed donor or legal stipulations that can either be fulfilled by actions of Feeding New York State and/or the passage of time or are required to be maintained permanently.

Revenue Recognition

Governmental Contracts

Revenue from governmental contracts, which are generally considered nonreciprocal transactions restricted for certain purposes, is recognized as revenue when eligible qualifying expenditures are incurred and conditions under the agreements are met. Feeding New York State has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Governmental contracts accounts receivable are recorded at unpaid balances, which is the amount management expects to collect. Cash received on the contracts in excess of eligible expenses incurred, or in advance of being earned, is recorded as deferred revenue and recognized over the period or periods to which it relates.

During the year ended June 30, 2020, conditional awards from governmental contracts to fund food processing costs (\$11,498) and to increase food donation through New York State food banks (\$2,722,972) of \$2,734,470 were received but not recognized. Conditional awards will be recorded when they become unconditional.

Contributions and Grants

Contributions and grants, including unconditional promises to give, received are recorded as support without or with donor restrictions depending on the existence of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. Donor restricted support is recorded as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, contributions which impose restrictions met in the same year they are received are included in support without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are met.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FEEDING NEW YORK STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment

Property and equipment is capitalized at cost. The policy of Feeding New York State is to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Depreciation is provided on the straight-line method over the estimated useful lives of the assets (4 years).

Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Grants Made - Support to Organizations

Grants are made from available resources in accordance with funding source requirements and Board of Directors' recommendations. Liabilities for grants made are recognized when approved and payment is generally made shortly thereafter.

Functional Expenses

The financial statements report expenses that are attributable to more than one function. When possible, expenses are charged directly to program or supporting services based on specific identification. Indirect expenses require allocation on a reasonable basis that is consistently applied. The significant expenses that are allocated are personnel services, which have been allocated based on estimates determined by management, based on a review of the effort, time and expenditures which are program related and which are support and administrative related.

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 Feeding New York State.

2. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Feeding New York State to concentrations of credit risk consist of cash accounts in financial institutions which, from time to time, may exceed insured limits. Feeding New York State has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. Cash in excess of insured limits totaled \$448,187 at June 30, 2020.

3. LIQUIDITY

Feeding New York State's financial assets available within one year of the statement of financial position date to meet general expenditures are as follows:

| | |
|--|---------------------|
| Cash | \$ 940,400 |
| Accounts receivable – governmental contracts | <u>772,905</u> |
| Total Financial Assets | 1,713,305 |
| Less net assets with donor restrictions | <u>(601,258)</u> |
| | <u>\$ 1,112,047</u> |

**FEEDING NEW YORK STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

3. LIQUIDITY

As part of liquidity management, Feeding New York State has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, Feeding New York State invests cash in excess of daily requirements in an interest-bearing money market account and savings account.

4. NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30, 2020:

| | |
|---|-------------------|
| Increase produce sourcing within NYS | \$ 176,989 |
| Acquisition and distribution of food to NYS foodbanks | 100,000 |
| Nourish NY – purchase of NYS foods | <u>324,269</u> |
| | <u>\$ 601,258</u> |

5. RETIREMENT PLAN

Feeding New York State has a non-contributory SEP IRA retirement plan with Oppenheimer Funds. The Plan covers substantially all employees who have performed one year of service. Contributions are a specified percentage, currently 5%, of eligible salaries. Contributions to employees' accounts amounted to \$-0- for the year ended June 30, 2020.

6. RELATED PARTY TRANSACTIONS

Feeding New York State distributed grant support totaling \$1,131,212 during the year ended June 30, 2020 to fund food processing costs (principally a venison donation program) and to increase food donation through New York State food banks. Of this total, grant support to member food banks was as follows:

| | |
|---|---------------------|
| Island Harvest | \$ 220,933 |
| Feeding Westchester | 154,544 |
| Food Bank of the Southern Tier | 140,988 |
| Regional Food Bank of Northeastern New York | 46,079 |
| Food Bank of Western New York | 94,243 |
| Foodlink | 101,527 |
| Food Bank of Central New York | 77,959 |
| City Harvest | 183,016 |
| Long Island Cares | <u>35,058</u> |
| Total | <u>\$ 1,054,347</u> |

Grant support payable to the above member food banks totaled \$682,983 at June 30, 2020.

7. DONATED GOODS AND SERVICES

Feeding New York State reports revenue for the fair value of donated services received where the services require specialized skills, are provided by individuals possessing those skills, and represent services that would have been purchased had they not been donated. Feeding New York State receives donated services from unpaid organizations and volunteers who assist in fundraising and other projects. No amounts have been recognized in the statement of activities because the criteria for recognition has not been satisfied.

**FEEDING NEW YORK STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

8. CONTINGENT LIABILITIES

Contract/Grant Programs

Feeding New York State participates in contract programs subject to financial and compliance audits. Compliance with requirements may be established at some future date. The amount of expenditures or funding which may be disallowed cannot be determined at this time. Management expects such amounts, if any, to be immaterial.

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on Feeding New York State and its future results and financial position is not presently determinable. An adverse impact is not anticipated.

9. FAIR VALUE/FINANCIAL INSTRUMENTS

Financial instruments consist of cash, accounts receivable, and all current liabilities. It is management's opinion that Feeding New York State is not exposed to significant interest rate or credit risk arising from these instruments. The fair values of these financial instruments are their market values, which approximate their carrying values.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 1, 2021, the date on which the financial statements were available to be issued. No events require recording or disclosure.

11. PUBLIC SUPPORT - GOVERNMENTAL CONTRACTS AND GRANTS

A significant amount of revenues and support (approximately 57%) is provided by contracts with New York State Department of Health, New York State Department of Environmental Conservation, and New York State Empire State Development. The current level of operations and program services may be impacted, or segments discontinued, if the funding is not renewed. Feeding New York State is under contract with the aforementioned sources through October 31, 2022, April 30, 2023 and May 31, 2022, respectively. Conditional awards received but not recognized totaled \$2,734,470 as of June 30, 2020.

12. FUTURE ACCOUNTING STANDARDS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard requires a change in the way Feeding New York State will account for its leases, eliminating operating leases and requiring lease obligations to be recorded as a liability on the statement of financial position with a corresponding right to use asset. The guidance, which was deferred by the FASB in May 2020, is effective for annual reporting periods beginning after December 15, 2021. Feeding New York State is currently evaluating the impact this standard will have on its financial statements and related disclosures.