

**FEEDING AMERICA,  
KENTUCKY'S HEARTLAND, INC.**

FINANCIAL STATEMENTS  
INDEPENDENT AUDITOR'S REPORTS, AND  
SUPPLEMENTARY INFORMATION

**JUNE 30, 2021 AND 2020**

FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.

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Heartland CPAs and Advisors PLLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Feeding America, Kentucky's Heartland, Inc.  
Elizabethtown, Kentucky

### Report on the Financial Statements

We have audited the accompanying financial statements of Feeding America, Kentucky's Heartland, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feeding America, Kentucky's Heartland, Inc. as of June 30, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of Feeding America, Kentucky's Heartland, 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 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 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 America, Kentucky's Heartland, Inc.'s internal control over financial reporting and compliance.

*Heartland CPAs and Advisors PLLC*  
Heartland CPAs and Advisors PLLC  
Elizabethtown, Kentucky  
October 29, 2021

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,896,203	\$ 2,802,209
Unconditional promises to give	407,734	67,816
Accounts receivable	111,468	44,522
Grants receivable	108,667	225,948
Prepaid insurance	6,097	6,097
Inventory	2,775,762	2,300,008
Property and equipment, net	2,133,358	2,158,892
Deposits on property	98,992	-
Long-term investments	108,546	85,820
	<u>8,646,827</u>	<u>7,691,312</u>
TOTAL ASSETS	\$ 8,646,827	\$ 7,691,312
<b>LIABILITIES</b>		
Accounts payable	\$ 40,782	\$ 45,452
Accrued personnel expenses	23,656	22,919
Unearned Revenue	10,567	246,290
Notes payable - current	-	31,065
Notes payable - non-current	-	565,393
	<u>75,005</u>	<u>911,119</u>
TOTAL LIABILITIES	75,005	911,119
<b>NET ASSETS</b>		
Net assets without donor restrictions		
Board designated	1,803,173	1,764,037
Undesignated	3,708,250	2,680,834
Net assets without donor restrictions	<u>5,511,423</u>	<u>4,444,871</u>
Net assets with donor restrictions	3,060,399	2,335,322
	<u>8,571,822</u>	<u>6,780,193</u>
TOTAL NET ASSETS	8,571,822	6,780,193
TOTAL LIABILITIES AND NET ASSETS	\$ 8,646,827	\$ 7,691,312

See report of independent auditors and  
notes to financial statements

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	For the Year Ended June 30, 2021			For the Year Ended June 30, 2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
	Revenues, gains, and other support:					
Donated food (non-federal)	\$ 8,696,767	\$ -	\$ 8,696,767	\$ 8,073,414	\$ -	\$ 8,073,414
Donated food (TEFAP)	-	10,509,765	10,509,765	-	10,484,862	10,484,862
Donated food (CSFP)	-	4,843,366	4,843,366	-	4,892,010	4,892,010
Donated food (CFAP)	-	3,313,781	3,313,781	-	336,502	336,502
Contributions and grants	2,615,149	389,119	3,004,268	1,556,728	491,076	2,047,804
USDA administrative funding (CSFP)	687,889	-	687,889	584,812	-	584,812
USDA administrative funding (TEFAP)	1,127,442	-	1,127,442	1,034,601	-	1,034,601
Shared maintenance	302,659	-	302,659	312,318	-	312,318
Dividend and interest income	-	6,463	6,463	15,667	33	15,700
Sale of purchased foods and agency delivery fees	598,392	-	598,392	631,690	-	631,690
Gain (loss) on investment	-	21,728	21,728	-	(20,509)	(20,509)
Other income	28,204	-	28,204	17,571	-	17,571
Gain (loss) on disposal of assets	2,226	-	2,226	-	-	-
Net assets released from restrictions	18,359,145	(18,359,145)	-	16,430,311	(16,430,311)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>32,417,873</b>	<b>725,077</b>	<b>33,142,950</b>	<b>28,657,112</b>	<b>(246,337)</b>	<b>28,410,775</b>
Expenses						
Program services	30,941,496	-	30,941,496	26,812,179	-	26,812,179
Management and general	229,446	-	229,446	192,126	-	192,126
Fundraising	180,379	-	180,379	162,705	-	162,705
<b>TOTAL EXPENSES</b>	<b>31,351,321</b>	<b>-</b>	<b>31,351,321</b>	<b>27,167,010</b>	<b>-</b>	<b>27,167,010</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,066,552</b>	<b>725,077</b>	<b>1,791,629</b>	<b>1,490,102</b>	<b>(246,337)</b>	<b>1,243,765</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>4,444,871</b>	<b>2,335,322</b>	<b>6,780,193</b>	<b>2,954,769</b>	<b>2,581,659</b>	<b>5,536,428</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,511,423</b>	<b>\$ 3,060,399</b>	<b>\$ 8,571,822</b>	<b>\$ 4,444,871</b>	<b>\$ 2,335,322</b>	<b>\$ 6,780,193</b>

See report of independent auditors and notes to financial statements.

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	For the Year Ended June 30, 2021				For the Year Ended June 30, 2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 774,003	\$ 138,924	\$ 79,384	\$ 992,311	\$ 657,953	\$ 118,094	\$ 67,482	\$ 843,528
Payroll taxes	77,792	13,963	7,979	99,733	63,164	11,337	6,478	80,980
Health insurance	50,216	9,013	5,150	64,379	49,362	8,860	5,063	63,285
Retirement expense	11,971	2,150	1,228	15,348	11,188	2,009	1,148	14,344
Total salaries and related expenses	<u>913,982</u>	<u>164,050</u>	<u>93,741</u>	<u>1,171,771</u>	<u>781,667</u>	<u>140,300</u>	<u>80,170</u>	<u>1,002,137</u>
Food distributed	26,938,325	-	-	26,938,325	23,989,004	-	-	23,989,004
Food acquisitions costs	2,355,220	-	-	2,355,220	1,413,817	-	-	1,413,817
Accounting	10,530	1,755	5,265	17,550	9,840	1,640	4,920	16,400
Dues and subscriptions	15,884	2,647	7,942	26,473	12,187	2,031	6,093	20,311
Auto	128,552	4,060	2,706	135,318	114,182	3,606	2,404	120,192
Interest expense	17,732	560	372	18,665	39,809	1,257	837	41,903
Miscellaneous	63,129	11,331	6,474	80,935	36,804	6,606	3,774	47,184
Occupancy	59,253	1,871	1,247	62,372	51,717	1,633	1,089	54,439
Postage	3,089	515	1,545	5,149	1,835	306	917	3,058
Professional training and development	18,310	27,464	50,082	95,856	12,424	18,637	50,082	81,143
Repairs and maintenance	114,246	3,608	2,405	120,259	77,390	2,444	1,629	81,463
Supplies	116,701	3,685	2,457	122,843	104,458	3,299	2,199	109,956
Utilities and telephone	53,968	1,704	1,137	56,808	39,185	1,237	826	41,248
Investment fees	-	1,383	-	1,383	4,906	818	2,453	8,177
Printing and publishing	4,634	773	2,312	7,719	4,878	-	-	4,874
	<u>29,899,573</u>	<u>61,356</u>	<u>83,944</u>	<u>30,044,875</u>	<u>5,905</u>	<u>985</u>	<u>2,950</u>	<u>9,840</u>
Depreciation	127,941	4,040	2,694	134,675	25,918,341	48,284	80,173	26,046,798
<b>TOTAL EXPENSES</b>	<u>\$ 30,941,496</u>	<u>\$ 229,446</u>	<u>\$ 180,379</u>	<u>\$ 31,351,321</u>	<u>\$ 26,812,179</u>	<u>\$ 192,126</u>	<u>\$ 162,705</u>	<u>\$ 27,167,010</u>

See report of independent auditors and notes to financial statements.

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,791,629	\$ 1,243,765
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	134,675	118,075
Unrealized (gain) loss on investments	(23,658)	(15,700)
Gain on disposal of property	(2,226)	-
Changes in operating assets and liabilities:		
Prepaid expenses	-	-
Accounts receivable	(66,946)	13,891
Grants receivable	117,281	(124,429)
Unconditional promises to give	(339,918)	28,550
Inventory	(475,754)	202,218
Accounts payable	(4,670)	(152,584)
Deferred revenue	(235,723)	246,290
Accrued payroll taxes	737	1,901
Net cash provided by operating activities	<u>895,427</u>	<u>1,561,977</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	3,500	363,910
Purchase of property and equipment	(208,475)	(121,150)
Net cash provided by (used in) investing activities	<u>(204,975)</u>	<u>242,760</u>
Cash flows from financing activities:		
Proceeds from note payable	-	-
Principal payments on notes payable	(596,458)	(444,757)
Net cash provided by (used in) financing activities	<u>(596,458)</u>	<u>(444,757)</u>
Net increase in cash and cash equivalents	93,994	1,359,980
Cash and cash equivalents at beginning of year	<u>2,802,209</u>	<u>1,442,229</u>
Cash and cash equivalents at end of year	\$ <u>2,896,203</u>	\$ <u>2,802,209</u>
Cash paid for:		
Interest	\$ <u>18,665</u>	\$ <u>24,650</u>
Noncash transactions:		
Donated inventory	\$ <u>8,696,767</u>	\$ <u>8,073,414</u>
USDA commodities	\$ <u>15,353,131</u>	\$ <u>15,376,872</u>

See report of independent auditors and notes to financial statements



# FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Nature of Activities

Feeding America, Kentucky's Heartland, Inc. formerly known as America's Second Harvest of Kentucky's Heartland, Inc. is a Kentucky nonprofit organization and a certified member of Feeding America. The mission of FAKH is to serve those in need by acquiring and distributing donated food, grocery items and government commodities through our member network of 240 nonprofit partner agencies in 42 Kentucky counties.

#### Basis of Accounting

The financial statements of FAKH have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board Accounting Standards Codification (ASC) is the sole source of authoritative GAAP. Accordingly, revenues and gains are recognized when they are earned, and expenses and losses are recognized when they are incurred.

#### Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45, formerly FASB Statement of Financial Accounting Standards (SFAS) NO. 117, *Financial Statements of Not-for-Profit Organizations* and ASU 2016-14. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor-restrictions, and net assets without donor restrictions.

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

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in a checking account and certificate of deposits with original maturities of 90 days or less. Certificates of deposit are considered to be cash if interest penalties for early withdrawal are not material. The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk of loss on deposit accounts.

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**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

Investments in marketable securities and certificates of deposit are reported at fair value. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statements of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law. Investments that are held in brokerage accounts are protected by the SIPC in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The insurance does not protect against market losses on investments.

Accounts Receivable

Accounts receivable are recorded at net invoice amounts. FAKH generally does not require collateral and does not accrue interest on accounts receivable. A receivable is considered past due if payment has not been received within the stated terms. When applicable, FAKH provides an allowance for doubtful accounts or other receivables based on historical collection experience and a review of the current status of existing receivables. The allowance represents an amount, which, in management's judgment, will be adequate to absorb future losses on existing receivables that may become uncollectible. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. No allowance for doubtful accounts or other receivables is reflected on the accompanying combined financial statements as of and for the years ended June 30, 2021 and 2020. Management considers all accounts and other receivables to be fully collectible.

Grants Receivable

Grants receivable relate to the two federal grant programs from the U.S. Department of Agriculture that are passed through the Kentucky Department of Agriculture's Division of Food Distribution to FAKH. As FAKH incurs allowable direct and indirect costs for administering the Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP), reimbursement requests are submitted to the Division of Food Distribution for approval. Grants receivable as of June 30, 2021 and 2020 relate to unreimbursed allowable distribution and administrative expenses incurred in the respective fiscal years. Grants receivable is stated at the amounts deemed to be collectible at that time based on all information available and collection experience. Accordingly, no provision for grants receivable has been recorded.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported in contributions without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions.

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Inventory

On December 2, 2017, the U.S.D.A. issued a policy memorandum providing updated guidance on assigning value to U.S.D.A. product. The memorandum allowed for the use of fair market value (FMV), U.S.D.A. purchase price, estimated cost-per-pound data provided by U.S.D.A., or U.S.D.A. commodity file cost as of a date specified by the distributing agency. The U.S.D.A. document references a food bank's FMV valuation as an acceptable valuation. Feeding America determined that the usage of the Feeding America Product Valuation Survey is fully permitted under these guidelines. Feeding America, Kentucky's Heartland, Inc. adopted the FMV method of assigning value to its U.S.D.A. product for fiscal year 2010. The valuation for U.S.D.A. commodities received during the years ended June 30, 2021 and 2020 was \$1.70 and \$1.49 per pound.

Purchased food inventory is recorded at average cost at the lower of cost or market. Inventory is maintained on a first-in, first-out basis.

Property and Equipment

Expenditures for property and equipment are capitalized at cost for items costing \$2,500 and having a useful life greater than one year. Donated assets are capitalized at their fair market value on the date of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

Revenue Recognition

The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from cost reimbursement grants, performance grants, and program fees are recognized as revenue in the period in which the costs are incurred and the service is provided.

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or 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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Contributed Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by FAKH. No amounts are recorded for the volunteers who have donated their time to the Food Bank throughout the year since the recognition criterion is not met.

The Organization benefits from volunteer services and donations of food. The in-kind donations for volunteer services that are a part of day-to-day operations are for those services that do not require special expertise and therefore the estimated value of these services has not been included in the financial statements. Total in-kind donations for volunteer service were \$37,249 and \$124,722 for the years ended June 30, 2021 and 2020. The amounts are based on volunteer hours and the federal minimum wage.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Generally accepted accounting principles require an organization to account for uncertainties in income taxes. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach.

Freight Costs

Freight costs, the costs associated with having donated and purchased food delivered to its warehouse, are expensed by FAKH as incurred.

FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Shared Maintenance Revenue

Feeding America, Kentucky's Heartland, Inc. charges from 0 – 19 cents per pound to the recipient agencies which take the donated food and redistributes such items to the poor, needy and hungry. The fee is to offset a portion of the receiving, storage, and distribution costs incurred by Feeding America, Kentucky's Heartland, Inc.

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the accompanying statement of activities and changes in net assets. Directly identifiable expenses are charged to the applicable programs and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited. 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 FAKH.

Subsequent Events

The Organization has evaluated subsequent events through October 29, 2021, the date which the financial statements were available to be issued.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

At June 30, 2021 and 2020, cash and cash equivalents consisted of the following:

	<u>2021</u>	<u>2020</u>
Demand deposit accounts	\$ 1,093,035	\$ 2,038,482
Certificates of deposit	162,794	162,794
Money market funds	<u>1,640,374</u>	<u>600,933</u>
Total	<u>\$ 2,896,203</u>	<u>\$ 2,802,209</u>

**NOTE 3 – GRANTS RECEIVABLE**

At June 30, 2021 and 2020, grants receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
TEFAP Distribution fees	\$ 42,372	\$ 168,453
CSFP Distribution fees	<u>66,295</u>	<u>57,495</u>
Total	<u>\$ 108,667</u>	<u>\$ 225,948</u>

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FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE**

At June 30, 2021 and 2020, unconditional promises to give consist of the following:

	<u>2021</u>	<u>2020</u>
United Way of Central Kentucky	\$ 13,134	\$ 32,300
United Way- Other Than Central Kentucky	25,300	31,516
Anthem	369,300	-
Other	<u>-</u>	<u>4,000</u>
Unconditional promises to give, end of year	<u>\$ 407,734</u>	<u>\$ 67,816</u>

Promises of to give will be received as follows in the years ended June 30,

2022	\$ 189,534
2023	151,000
2024	<u>67,200</u>
Total	<u>\$ 407,734</u>

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 – DONATED FOOD AND INVENTORY**

Inventory as of June 30, was as follows:

	2021		2020	
	Dollars	Pounds	Dollars	Pounds
Donated food and non-food	\$ 155,910	87,100	\$ 251,966	165,044
U.S.D.A. commodities	1,836,855	1,080,503	1,686,971	1,140,756
Purchased product	782,997	681,675	361,071	314,985
Inventory, end of year	<u>\$ 2,775,762</u>	<u>1,849,278</u>	<u>\$ 2,300,008</u>	<u>1,620,785</u>

	2021		2020	
	Dollars	Pounds	Dollars	Pounds
Inventory, beginning of year	<u>\$ 2,300,008</u>	<u>1,620,785</u>	<u>\$ 2,502,226</u>	<u>1,909,700</u>
Additions:				
Adjust for price changes	298,659		208,074	
Donated product	8,586,196	4,796,758	8,146,105	4,681,670
Purchased product	2,414,348	2,089,771	1,350,630	1,240,914
U.S.D.A. commodities	18,559,184	10,917,167	15,847,178	10,635,690
Total additions	<u>29,858,387</u>	<u>17,803,696</u>	<u>25,551,987</u>	<u>16,558,274</u>
Distributions:				
Donated product	8,725,715	4,874,701	8,296,248	4,767,959
Purchased product	2,009,858	1,731,642	1,441,001	1,329,595
U.S.D.A. commodities	18,647,060	10,968,860	16,016,956	10,749,635
Total distributions	<u>29,382,633</u>	<u>17,575,203</u>	<u>25,754,205</u>	<u>16,847,189</u>
Inventory, end of year	<u>\$ 2,775,762</u>	<u>1,849,278</u>	<u>\$ 2,300,008</u>	<u>1,620,785</u>

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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**NOTE 5 – DONATED FOOD AND INVENTORY (CONTINUED)**

The approximate average wholesale value of one pound of donated food (non U.S.D.A.) at the national level was determined by Feeding America to be \$1.79 and \$1.74 for 2021 and 2020. Revenue from donated food received (non U.S.D.A), as well as the related value of donated food distributed and the value of undistributed donated food inventory as of June 30, 2021 and 2020, are estimated by valuing the respective number of pounds at \$1.79 and \$1.74 per pound.

Commodities received under TEFAP are designated for non-profit agencies serving low income families and individuals through their emergency meal and pantry programs. The CSFP provides a monthly box of nutritious food products to eligible seniors, pregnant or post-partum women, children, and infants. Both programs are administered at the state level by the Kentucky Department of Agriculture Division of Food Distribution (the Division).

Each month the Division compensates FAKH for the distribution of these products based on the number of pounds of food distributed (TEFAP) or the number of recipients served (CSFP). These payments are reflected within program service fees on the accompanying statement of activities and changes in net assets (within revenues, gains, and other support).

**NOTE 6 – PROPERTY AND EQUIPMENT**

A summary of property, equipment and accumulated depreciation as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 89,000	\$ 89,000
Buildings and improvements	2,162,896	2,147,828
Furniture and equipment	919,191	925,472
Vehicles	<u>912,797</u>	<u>891,514</u>
Total property and equipment	\$ 4,083,884	\$ 4,053,814
Less: accumulated depreciation	<u>(1,950,526)</u>	<u>(1,894,922)</u>
Net property and equipment	<u>\$ 2,133,358</u>	<u>\$ 2,158,892</u>

**NOTE 7 – LONG-TERM INVESTMENTS**

FAKH's investment policy's primary objective is the long-term growth of principal and preservation of purchasing power. The investment portfolio is structured and maintained with the secondary objective of maximizing current income as well as stability of principal through a diversified mix of equity, fixed income, and alternative investments to supplement the cash flows of FAKH.



FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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**NOTE 7 – LONG-TERM INVESTMENTS (CONTINUED)**

The fair value of investments as of June 30, 2021 was as follows:

	<u>Fair Value</u>	<u>Cost</u>
Endowment fund	\$ 108,546	\$ 85,820

The fair value of investments as of June 30, 2020 was as follows:

	<u>Fair Value</u>	<u>Cost</u>
Endowment fund	\$ 85,820	\$ 80,377

Net investment income for the years ended June 30, was as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends, net of investment expenses of \$1,384 and \$719	\$ 1,159	\$ 3,459
Net unrealized gains (losses)	<u>21,728</u>	<u>(20,509)</u>
	<u>\$ 22,887</u>	<u>\$ (17,050)</u>

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets include commodities, gifts or grants for which donor imposed restrictions have not been met as of year-end. Net assets with donor restrictions as of June 30, 2021 and 2020 consist of various grants restricted for certain program services and other purposes as follows:

	<u>2021</u>	<u>2020</u>
Endowment funds	\$ 108,546	\$ 85,820
Anthem produce	369,300	-
Backpack program	745,698	562,533
USDA commodities (CFAP)	-	23,315
USDA commodities (CSFP)	796,945	838,288
USDA commodities (TEFAP)	1,039,910	825,366
	<u>\$ 3,060,399</u>	<u>\$ 2,335,322</u>

**NOTE 9 – ENDOWMENT**

Endowment Fund

Net assets with donor restrictions at June 30, 2021 include an endowment fund established in 2016 with the Central Kentucky Community Foundation (CKCF) to support the mission of Feeding America, Kentucky's Heartland, Inc. The fund was established through irrevocable contributions of \$6,000 from FAKH and \$1,000 from CKCF to the fund during fiscal year 2016. An additional \$3,000 was contributed by FAKH for the year ending June 30, 2018. During the years ended June 30, 2021 and 2020 contributions were \$1,222 and \$70,388. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of contributions are to be held and invested by CKCF indefinitely and income from the fund is to be expended for FAKH's program services. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

FAKH has interpreted the Kentucky Prudent Management of Institutional Funds Act (KPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with KPMIFA, FAKH considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of FAKH, and (7) the CKCF's investment policies.

FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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**NOTE 9 – ENDOWMENT (CONTINUED)**

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide its programs with current income. Endowment assets are invested in accordance with policies established by the Central Kentucky Community Foundation. FAKH seeks to build endowment assets through additional contributions. The Fund is administered by CKFP as a Designated Endowment Fund. The Fund is intended to be and shall be administered as a component part of CKCF under Treasury Regulation Section 1.1701A-9(e)(11), and is specifically subject to the powers of the CKCF Board of Directors. Such powers include the power to unilaterally modify any restriction or condition of the Fund in the event such restriction or condition becomes in effect, unnecessary, obsolete, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served, with any modification being as consistent as reasonably possible with the charitable intent of the donor. The only distributions from the fund shall be in accordance with CKCF's Distribution Policy; no other distributions from the fund will be considered or permitted.

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of the year	\$ 85,820	\$ 11,973
Contributions	1,222	70,388
Investment income	1,159	1,023
Net appreciation (depreciation)	20,345	2,436
Amounts appropriated for expenditure	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 108,546</u>	<u>\$ 85,820</u>

**NOTE 10 – NOTES PAYABLE**

During the year ended June 30, 2021, the Organization paid off a \$596,458 note held at Abound Federal Credit Union with an interest rate of 4.25%. The note had a maturity date of March 2030. At June 30, 2020, the balance on the note payable was \$596,458.

FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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**NOTE 11 – FAIR VALUE MEASUREMENTS**

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

- Level 1 Inputs - Quoted prices for identical assets and liabilities in active markets.
- Level 2 Inputs - Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs - Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

Fair values of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

		Fair value measurements at the reporting date using:	
		Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)
June 30, 2021	Fair value		
Endowment fund	\$ 108,546	\$ -	\$ 108,546
June 30, 2020			
Endowment fund	\$ 85,820	\$ -	\$ 85,820

Valuation techniques used in fair value measurement need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

There have been no changes in the methodologies used at June 30, 2021 and 2020.

The endowment fund is valued in accordance with the policies of the Central Kentucky Community Foundation which uses observable market data for the underlying assets of the funds investments. However, since there is no active market for the funds held by FAKH in the name of CKCF, the fund is classified as level 2.

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 12 – LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment. These board designations could be drawn upon if the board approves that action.

	June 30:	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 2,896,203	\$ 2,802,209
Unconditional promises to give	407,734	67,816
Accounts receivable	111,468	44,522
Grants receivable	108,667	225,948
Long-term investments	108,546	85,820
	3,632,618	3,226,315
Promises to give, accounts and grant receivable collectible beyond one year	(204,680)	-
Perpetual and term endowment and accumulated earnings subject to appropriation beyond one year	(108,546)	(85,820)
Board designated reserves based on six month operating budget	(1,764,037)	(1,764,037)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,555,355	\$ 1,376,458

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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**NOTE 13 – ADVERTISING COSTS**

The Organization uses advertising to promote its programs among the communities it serves. Advertising costs are expensed as incurred. Advertising expense is included in the development and training cost. Development and training cost for the years ended June 30, 2021 and 2020 were \$95,856 and \$81,143.

**NOTE 14 – RETIREMENT**

The Organization maintains a retirement plan that allows all eligible employees to defer a portion of their compensation. The Organization matches all employee contributions up to 3% of compensation. Retirement plan expense for the years ended June 30, 2021 and 2020 was \$15,348 and \$14,343.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

Reimbursement claims under federal and state program grants are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability of the Organization. The Organization is aware of no communications from granting agencies regarding the lack of compliance with grant conditions that could result in a liability.

**NOTE 16 – CONCENTRATION**

The Organization received 56% and 60% of total revenue from the Kentucky Department of Agriculture (USDA pass-through grants) for the years ended June 30, 2021 and 2020. The Organization received 66% and 73% of its donated inventory from the Kentucky Department of Agriculture (USDA pass-through grants) for the years ending June 30, 2021 and 2020, respectively.

**NOTE 17 – PAYMENTS TO AFFILIATE**

In accordance with the affiliation agreement between Feeding America and the Organization, the Organization pays fees based on total poundage of food received from Feeding America. Affiliation payments for the years ended June 30, 2021 and 2020 were \$-0- and \$9,198.

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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**NOTE 18 – EXPENSE ALLOCATIONS**

Expenses have been allocated to their functional categories using specific identification for items that clearly apply to a functional category. Expenses relating to multiple functional categories are allocated based on the percentage of time spent on the activity. The total percentages of expenses in each functional category for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Program expenses	98.69%	98.69%
Management and general expenses	0.73%	0.71%
Fundraising expenses	0.58%	0.60%
	<u>100.00%</u>	<u>100.00%</u>

**NOTE 19 – COVID-19 IMPACT ON OPERATIONS**

On January 31, 2020, the U.S. Department of Health and Human Services declared a public health emergency for the COVID-19 virus. On March 6, 2020, the Kentucky Governor declared a state of emergency as a result of the COV-19 virus. On March 25, 2020, the Governor issued an executive order closing all businesses that are not life-sustaining by March 26, 2020. The result of these events was an unstable economic environment that resulted in significantly higher unemployment and uncertain economic conditions for the future. The result was a greater need for the Organization's services in the area it serves. The Organization received an atypical amount of donated food, monetary donations and grants from individuals, businesses and governments. These factors led to the Organization ending the fiscal year with more assets and recording more revenues and expenses than prior years. As the Covid-19 virus continues to impact the economy of the area served, the Organization could continue to have financial results, both positive and negative, that are not typical of its historical results.

## **SUPPLEMENTARY INFORMATION**



**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor / Passthrough Grantor / Program or Cluster</u>	<u>Federal CFDA Number</u>	<u>Passthrough Entity Identifyier Number</u>	<u>Passed through to subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
<u>Food Distribution Cluster</u>				
Passed through the Kentucky Department of Agriculture				
Emergency Food Assistance Program - Administrative	10.568	16000022121	\$ -	\$ 1,127,442
Emergency Food Assistance Program - Commodities	10.569	16000022121	10,295,220	10,295,220
Commodity Supplemental Food Program - Administrative	10.565	16000022141	-	687,889
Commodity Supplemental Food Program - Commodities	10.565	16000022141	<u>4,884,710</u>	<u>4,884,710</u>
Total USDA Food Distribution Cluster and Total Expenditures of Federal Awards			<u>\$ 15,179,930</u>	<u>\$ 16,995,261</u>

See notes to schedule of expenditures of federal awards.

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021**

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**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Feeding America, Kentucky's Heartland, Inc. (Feeding America). Feeding America reporting entity is defined in Note 1 to Feeding America's financial statements. All federal financial assistance was received directly from federal agencies unless specifically noted on the schedule.

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such audit, any claim for reimbursement to the grantor would become a liability of Feeding America, Kentucky's Heartland, Inc. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

**NOTE 2 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Feeding America and is presented on the accrual basis of accounting. The amount of federal awards reflects the amount of cash received, which is the grantor's method of accounting.

**NOTE 3 – FOOD DISTRIBUTION**

The value of USDA food commodities received during the year was estimated by Feeding America and the USDA. The value of USDA food commodities distributed during the year includes amounts held in inventory at the beginning of the year. As of June 30, 2021, Feeding America had an inventory of USDA commodities of \$1,836,855.

**NOTE 4 – INDIRECT COST RATE**

Feeding America has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 5 – COVID RELATED GRANT**

Feeding America, Kentucky's Heartland, Inc. received the Coronavirus Food Assistance Program (CFAP) during the year ended June 30, 2021. This award is not listed on the Schedule of Expenditures of Federal Awards (SEFA) as it is not subject to Uniform Guidance.



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Heartland CPAs and Advisors PLLC

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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 America, Kentucky's Heartland, Inc.  
Elizabethtown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Feeding America, Kentucky's Heartland, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 October 29, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Feeding America, Kentucky's Heartland, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Feeding America, Kentucky's Heartland, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Feeding America, Kentucky's Heartland, 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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Heartland CPAs and Advisors PLLC*

Heartland CPAs and Advisors PLLC  
Elizabethtown, Kentucky  
October 29, 2021



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Heartland CPAs and Advisors PLLC

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Feeding America, Kentucky's Heartland, Inc.  
Elizabethtown, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited Feeding America, Kentucky's Heartland, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Feeding America, Kentucky's Heartland, Inc.'s major federal programs for the year ended June 30, 2021. Feeding America, Kentucky's Heartland, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Feeding America, Kentucky's Heartland, Inc.'s compliance.

## Opinion on Each Major Federal Program

In our opinion, Feeding America, Kentucky's Heartland, Inc. complied, in all material respects, with the types of 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, 2021.

## Report on Internal Control Over Compliance

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

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

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

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

*Heartland CPAs and Advisors PLLC*  
Heartland CPAs and Advisors PLLC  
Elizabethtown, Kentucky  
October 29, 2021

FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021

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**Section 1 – Summary of Auditors' Results**

**Financial Statements:**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not to be considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not to be considered material weaknesses?	None reported

Type of auditor's report issued on compliance For major programs:	Unmodified
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Any audit findings required to be reported under the provisions of the Uniform Guidance?	No
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Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.565 / 10.568 / 10.569	Food Distribution Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low-risk?	No
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**Section 2 – Financial Statement Findings**

No matters reported.

**Section 3 – Federal Award Findings and Questioned Costs**

No matters reported.

No findings or questioned costs reported.

**FEEDING AMERICA, KENTUCKY'S HEARTLAND, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**JUNE 30, 2021**

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No prior year findings reported.