

FOOD FOR THE POOR, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

FOOD FOR THE POOR, INC.

TABLE OF CONTENTS

Independent Auditors' Report	1-2
---	-----

Financial Statements

Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-16

INDEPENDENT AUDITORS' REPORT

Board of Directors and Audit Committee
Food for the Poor, Inc.
Coconut Creek, Florida

We have audited the accompanying statement of financial position of Food for the Poor, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the 2009 financial statements and in our report dated March 29, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food for the Poor, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2011, on our consideration of Food for the Poor, 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* and should be considered in assessing the results of our audit.

Marcum LLP

Fort Lauderdale, FL
March 31, 2011

FOOD FOR THE POOR, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2009)

	2010	2009
Assets		
Current Assets		
Cash (Note 2)	\$ 9,681,931	\$ 8,502,991
Investments	239,722	68,023
Promises to give, net (Note 3)	1,552,887	1,665,303
Mortgage notes receivable (Note 4)	216,752	178,213
Goods pending distribution	11,046,688	18,576,805
Prepaid expenses	175,704	270,534
Other assets (Note 6)	49,058	50,176
Total Current Assets	22,962,742	29,312,045
Noncurrent Assets		
Property, building and equipment, net (Note 5)	16,639,500	16,800,527
Total Assets	\$ 39,602,242	\$ 46,112,572
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 4,221,359	\$ 6,291,759
Current portion of mortgage payable (Note 8)	724,092	724,092
Total Current Liabilities	4,945,451	7,015,851
Noncurrent Liabilities		
Mortgage payable, net of current portion (Note 8)	3,077,376	3,801,466
Total Liabilities	8,022,827	10,817,317
Net Assets		
Unrestricted:		
Designations for special projects (Note 9)	7,716,049	7,358,205
Undesignated	23,835,206	27,903,803
Total unrestricted	31,551,255	35,262,008
Temporarily restricted	28,160	33,247
Total Net Assets	31,579,415	35,295,255
Total Liabilities and Net Assets	\$ 39,602,242	\$ 46,112,572

The accompanying notes are an integral part of these financial statements.

FOOD FOR THE POOR, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)

	Totals		
	Unrestricted	Temporarily Restricted	2010 2009
Support and Revenue			
Contributions:			
Cash	\$ 111,459,527	\$ 95,005	\$ 111,554,532
Donated goods (Note 2)	932,479,276	--	932,479,276
Promises to give	3,293,866	--	3,293,866
Investment earnings	64,568	--	64,568
Other income	106,019	322	106,341
Net assets released from restrictions	100,414	(100,414)	--
Total Support and Revenue	<u>1,047,503,670</u>	<u>(5,087)</u>	<u>1,047,498,583</u>
Expenses			
Program services:			
Educational programs	5,864,968	--	5,864,968
Goods and aid supplied	1,011,836,213	--	1,011,836,213
Total program services	<u>1,017,701,181</u>	<u>--</u>	<u>1,017,701,181</u>
Supporting services:			
Fund raising	25,928,071	--	25,928,071
Management and general	7,585,171	--	7,585,171
Total supporting services	<u>33,513,242</u>	<u>--</u>	<u>33,513,242</u>
Total Expenses	<u>1,051,214,423</u>	<u>--</u>	<u>1,051,214,423</u>
Change in Net Assets	<u>(3,710,753)</u>	<u>(5,087)</u>	<u>(3,715,840)</u>
Net Assets - Beginning	<u>35,262,008</u>	<u>33,247</u>	<u>35,295,255</u>
Net Assets - Ending	<u>\$ 31,551,255</u>	<u>\$ 28,160</u>	<u>\$ 31,579,415</u>

The accompanying notes are an integral part of these financial statements.

FOOD FOR THE POOR, INC.

STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Program Services		Supporting Services		Totals	
	Educational Programs	Goods and Aid Supplied	Fund Raising Expenses	Management and General Expenses	2010	2009
Food, medical and other commodities	\$ --	\$ 958,600,852	\$ --	\$ --	\$ 958,600,852	\$ 992,382,806
Grants and other assistance	--	27,704,237	--	--	27,704,237	21,451,292
Salaries and related expenses	4,296,231	3,360,181	7,966,707	4,836,584	20,459,703	19,343,459
Freight	--	21,271,991	--	--	21,271,991	16,161,236
Printed materials and publicity	246,389	19,231	11,711,192	6,216	11,983,028	12,756,108
Postage	25,205	46,814	5,179,308	17,324	5,268,651	4,847,876
Travel	1,118,076	243,204	494,889	68,491	1,924,660	1,960,568
Professional services	--	154,647	141,844	214,743	511,234	574,356
Depreciation	16,662	116,632	--	457,020	590,314	563,671
Other office expenses	35,408	36,865	42,275	580,769	695,317	510,715
Repairs and maintenance	14,191	90,600	67,440	124,003	296,234	339,593
Courier and miscellaneous freight	51,809	35,785	85,033	4,172	176,799	234,567
Office supplies	33,763	27,063	112,890	130,813	304,529	217,950
Data processing	1,344	10,066	46,005	161,100	218,515	217,232
Insurance	--	--	1,373	157,507	158,880	187,167
Telephone	14,262	36,649	38,417	74,857	164,185	180,271
Occupancy	7,196	50,373	25,186	37,180	119,935	138,012
Interest	4,432	31,024	15,512	33,759	84,727	106,427
Total Expenses Before Uncollectible Pledges	5,864,968	1,011,836,213	25,928,071	6,904,538	1,050,533,790	1,072,173,305
Uncollectible pledges	--	--	--	680,633	680,633	987,234
Total Expenses	\$ 5,864,968	\$ 1,011,836,213	\$ 25,928,071	\$ 7,585,171	\$ 1,051,214,423	\$ 1,073,160,539

The accompanying notes are an integral part of these financial statements.

FOOD FOR THE POOR, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ (3,715,840)	\$ 13,319,640
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	590,314	563,671
Provision for losses on promises to give	680,633	987,234
Donated investments included in contributions	(997,248)	(461,056)
Realized and unrealized (gain) loss on investments	11,838	(2,484)
Changes in assets and liabilities:		
(Increase) decrease in:		
Promises to give	(568,217)	(1,005,225)
Mortgage notes receivable	(38,539)	77,322
Goods pending distribution	7,530,117	(14,580,980)
Prepaid expenses	94,830	(169,549)
Other assets	1,118	96,250
Increase (decrease) in:		
Accounts payable and accrued liabilities	(2,070,400)	1,401,220
Net Cash Provided by Operating Activities	<u>1,518,606</u>	<u>226,043</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	(429,285)	(71,180)
Proceeds from sale of investments	<u>813,711</u>	<u>449,834</u>
Net Cash Provided by Investing Activities	<u>384,426</u>	<u>378,654</u>
Cash Flows from Financing Activities		
Principal payments on mortgage payable	<u>(724,092)</u>	<u>(724,089)</u>
Net Cash Used by Financing Activities	<u>(724,092)</u>	<u>(724,089)</u>
Net Increase (Decrease) in Cash	1,178,940	(119,392)
Cash - Beginning	<u>8,502,991</u>	<u>8,622,383</u>
Cash - Ending	<u>\$ 9,681,931</u>	<u>\$ 8,502,991</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 84,727</u>	<u>\$ 106,427</u>

The accompanying notes are an integral part of these financial statements.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Food for the Poor, Inc.

Food for the Poor, Inc. (the Organization) is a not-for-profit corporation engaged in the collection and distribution of money, food, clothing, medicine and other goods to improve the health, economic and social conditions of indigent poor throughout the world. Activities are concentrated in the Caribbean and Latin America.

In 2010, the Organization received total cash and gifts in kind of approximately \$180 million for the earthquake disaster in Haiti that occurred in January 2010. The total cash donations received were spent by October 2010 to acquire disaster relief supplies and materials and to assist in the reconstruction of the damaged areas. All of the gifts in kind received for the earthquake relief effort were shipped in 2010.

Food for the Poor of Canada, Inc.

Food for the Poor of Canada, Inc. (FFP- Canada) is a not-for-profit organization incorporated under the laws of Canada. Its purpose is to help those less fortunate in the Caribbean and Latin America by providing food, shelter and other basic needs. FFP-Canada is affiliated to the Organization by common control because certain directors and executives of the Organization are also directors of FFP-Canada. Consolidated statements have not been prepared since the economic interest that is provided to FFP-Canada is not deemed material to the results of the Organization. In 2010, the Organization provided a grant of \$ 57,465 to support the operations of FFP- Canada.

Food for the Poor Foundation, Inc.

Food for the Poor Foundation, Inc. (the Foundation), is a not-for-profit corporation engaged in the collection of endowment contributions which are raised for the ultimate benefit of the indigent poor throughout the world. The Organization has a controlling and economic interest in the Foundation. Consolidated statements have not been prepared as there was minimal activity in the Foundation during 2010. As of December 31, 2010, the Foundation had net assets of approximately \$54,900.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had \$28,160 of temporarily restricted net assets as of December 31, 2010. The Organization had no permanently restricted net assets as of December 31, 2010.

The Organization primarily classified program services into the following categories:

Goods and Aid Supplied Program

The Organization distributes the majority of its contributions directly to programs that help the poor.

Educational Programs

The Organization, as part of its mission, also educates the general public about the specific conditions of the poor located in the assisted regions.

ALLOCATION OF JOINT COSTS

The Organization follows the accounting standards for accounting for costs of activities of not-for-profit organizations that include fundraising. It establishes financial accounting standards for the accounting of costs of joint activities to be charged appropriately to the program, supporting services and to fundraising.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. 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.

INVESTMENTS

The Organization's investments consist of donated stocks and are reported at fair value based on quoted market prices. The investment goal of the Organization is to convert all donations of investments into cash equivalents as soon as possible to minimize the risk of loss. Investment earnings include dividends, interest, realized and unrealized gains and losses. Purchases and sales are accounted for on the trade-date basis.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED LIFE INSURANCE POLICY

The Organization was gifted ownership of a life insurance policy. At December 31, 2010, the face value of the policy was \$229,026, and had a cash surrender value of \$1,316.

GOODS PENDING DISTRIBUTION

The Organization's goods that are pending distribution consist of both donated and purchased goods. Donated goods are valued at their estimated fair value at the date of donation and the purchased goods are stated at cost at the time of purchase. At December 31, 2010, the Organization had \$11,046,688 of goods pending distribution.

PROPERTY AND EQUIPMENT

Acquisitions of property and equipment in excess of \$1,500 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Land is reported at cost. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized currently. Other repairs and maintenance are charged to expense as incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose.

CONTRIBUTIONS

The Organization accounts for contributions in accordance with generally accepted accounting principles. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the donor intent.

Contributed services are recognized as contributions at their estimated fair value, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Services provided by volunteers throughout the year are not recognized as contributions in the financial statements since these services are not susceptible to objective measurement or valuation.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GIFTS-IN-KIND

Gifts-in-kind (GIK) received through private donations are recorded and valued as revenue at their estimated fair value based upon the Organization's estimate of the wholesale values that would be received for selling the goods in their principal market.

Non-pharmaceutical GIK contributions received are valued at their estimated wholesale value as provided by the donor or, in the absence of the donor's valuation, using wholesale values estimated by the Organization using published industry information.

Pharmaceutical GIK contributions are valued at their approximate wholesale value as published by the United States pharmaceutical industry. Pharmaceutical GIK contributions acquired from non-US donors for products legally permissible to be sold outside the United States are valued based upon the wholesale market price in the countries representing the principal exit markets for those products.

GIK expenses are recorded when the goods are shipped for program use.

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 as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets.

The Organization uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization also discounts to the present value of estimated future cash flows using an appropriate market rate of interest for its promises to give greater than one year.

ADVERTISING

Advertising costs are expensed as incurred and were \$508,784 for the year ended December 31, 2010 and are included with printed materials and publicity in the statement of functional expenses.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the statements of financial condition and activities. The most significant of these estimates relates to the allocation of joint costs and the allowance for uncollectible promises to give. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

INCOME TAXES

The Organization is a not-for-profit corporation as described in section 501(c)(3) of the Internal Revenue Code, and is exempt from federal taxes as an organization except that unrelated business income is taxable. The Organization did not have any unrelated business income tax during the year ended December 31, 2010.

COMPARATIVE DATA

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009 from which the summarized information was derived.

NOTE 2 – CONCENTRATIONS OF RISK

Financial instruments, which potentially subject the Organization to concentrations of risk, consist principally of cash and support from major contributors.

CASH

As of December 31, 2010, the Organization had cash balances of \$9,280,230 in excess of federally insured limits. The Organization maintains its cash with high quality financial institutions which the Organization believes limits its risks.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 – CONCENTRATIONS OF RISK (CONTINUED)

SUPPORT FROM MAJOR CONTRIBUTORS

The Organization received approximately 65% of total support and revenue from five donors during 2010. These contributions were in the form of donated goods.

NOTE 3 – PROMISES TO GIVE

At December 31, 2010, unconditional promises to give consist of the following:

Receivable in less than one year	\$ 1,249,530
Receivable in one to five years	1,044,761
Receivable in more than five years	<u>280,652</u>
Total promises to give	2,574,943
Less: discount to present value	28,998
Less: allowance for uncollectible promises to give	<u>993,058</u>
Net Promises to Give	<u>\$ 1,552,887</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.02%.

NOTE 4 – MORTGAGE NOTES RECEIVABLE

The Organization was gifted ownership of mortgage notes receivable. At December 31, 2010, the balance of the notes receivable totaled \$216,752 with various maturity dates through September 2013.

During a prior year, one of the mortgages entered into foreclosure for non-payment. However, prior to the foreclosure sale, the mortgagor filed for bankruptcy thus staying the sale until further disposition by the court. In an agreement with the mortgagor, the Organization has delayed the foreclosure sale dependent upon the timely receipt of monthly payments. This agreement remained in effect for 2010.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 – PROPERTY, BUILDING AND EQUIPMENT

Property, building and equipment consist of the following:

		<u>Estimated Useful Lives</u>
Land	\$ 6,140,388	--
Land improvements	625,977	20 years
Building	9,860,818	40 years
Furniture and fixtures	646,624	7 years
Equipment	2,478,935	5-10 years
Vehicles	<u>236,041</u>	5 years
	19,988,783	
Less: accumulated depreciation	<u>3,349,283</u>	
Total Property, Building and Equipment, Net	<u>\$ 16,639,500</u>	

Depreciation expense for the year ended December 31, 2010 was \$590,314.

NOTE 6 – OTHER ASSETS

Other assets consist of loans to employees, deposits and miscellaneous current receivables. At December 31, 2010, these other assets totaled \$49,058.

NOTE 7 – GIFT ANNUITIES

The Organization entered into several gift annuity agreements, which provided for unrestricted cash of \$126,264 at December 31, 2010 and called for the Organization to make fixed annual payments to the donors in future years. The Organization entered into agreements with two top rated insurance companies whereby the insurance companies would assume the annuity payment liability. The liability represents the present value of the future payouts using an average discount rate of 3%. The Organization pays the insurance company the present value of the annuities.

The Organization remains contingently liable for the future payments on the gift annuities in the event that the insurance company defaults on the payments. As of December 31, 2010, the Organization was contingently liable for reinsured gift annuities totaling approximately \$6,555,600.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 8 – LONG-TERM DEBT

LINE OF CREDIT

The Organization has a revolving line of credit of \$5,000,000 with a bank for the issuance of commercial letters of credit and direct advances for short-term working capital needs. Interest is charged at one-month LIBOR plus 1.50% (for an effective rate of 1.76% at December 31, 2010) and is payable monthly. Of the \$5 million note amount, \$3 million is available at all times, however during the months of September through November, the additional \$2 million is available. Any principal borrowings over \$3,000,000 are due and payable by November 30.

Any outstanding principal and accrued interest is due and payable in full by June 10, 2011, (the Maturity Date). There were no direct or contingent liabilities on the line of credit as of December 31, 2010. The line of credit is secured by substantially all assets of the Organization, except for the corporate headquarters and warehouse.

MORTGAGE NOTE

The Organization has a mortgage note payable with a bank with fixed monthly principal payments of \$60,341 plus interest at one month LIBOR plus 1.47% (effective rate of 1.73% at December 31, 2010). The mortgage is secured by the corporate headquarters and warehouse in Coconut Creek, Florida and matures in 2016. The maturities schedule of all long-term debt is as follows:

For the Year Ending December 31,	Amount
2011	\$ 724,092
2012	724,092
2013	724,092
2014	724,092
2015	724,092
2016	<u>905,100</u>
Total	<u><u>\$ 3,801,468</u></u>

NOTE 9 – DESIGNATIONS FOR SPECIAL PROJECTS

To help fulfill its mission, Food For The Poor establishes projects throughout the year. These non-contractual programs are budgeted and are funded over the course of the year, however, funding for some of these projects may extend beyond the year-end. The balance to be apportioned based on these project budgets as of December 31, 2010 was \$7,716,049 and will be categorized as Goods and Aids Supplied in the financial statements.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 – RELATED PARTIES AND OTHER ORGANIZATIONS

ASSOCIATED CHARITIES

The Organization is associated with three charities in Jamaica, Haiti and Guyana, which serve as distribution centers. The Organization has no ownership or voting interest in these charities. In 2010, the Organization made distributions of \$315,397,621 to these associated charities.

RELATED CHARITIES

The Organization distributes goods through various charities in which some board members hold executive positions. In 2010, the Organization made distributions of \$91,795,937 through these related charities.

DISTRIBUTIONS

Included in the distributions made to associated charities and related charities is \$407,193,558 for program services of which \$19,412,478 was cash and \$387,781,080 was goods.

NOTE 11 - CONTINGENCIES

GRANTS CONTINGENCY

Amounts received or receivable from grantor agencies are subject to additional audit or review and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenditures which may be disallowed by the grantor would not have a material adverse effect on the financial position of the Organization.

NOTE 12 – RETIREMENT PLAN

The 403(b)(7) ERISA Title 1 Plan covers all employees. Participants may elect to contribute from 2% to 100% of their wages, as limited by current federal tax law. Additionally, the Organization matches 50% of participating employees' contributions up to the first 6% of their salary deferral. During the year ended December 31, 2010 the Organization contributed \$275,850 to this plan. The assets of the 403(b)(7) Plan are the property of the Plan's participants and their beneficiaries; therefore, the assets of this plan are not included in the accompanying financial statements.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 – ALLOCATION OF JOINT COSTS

For 2010, the Organization had joint costs of \$10,803,586 of which \$6,067,338 was allocated to educational and program activities, \$3,995,644 was allocated to fundraising activities and \$740,604 was allocated to administrative activities.

NOTE 14- SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2011 (the date that the financial statements were available to be issued) and has determined that no disclosure or adjustment was needed to the financial statements.