



**FOOD FOR THE POOR, INC.
AND SUBSIDIARY**

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

FOOD FOR THE POOR, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Food for the Poor, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Food for the Poor, Inc. and Subsidiary as of December 31, 2023 and 2022, and the changes in its net assets and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Food for the Poor, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Food for the Poor, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food for the Poor, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Capin Crouse LLP

Lawrenceville, Georgia
April 25, 2024

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	December 31,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 16,590,312	\$ 17,553,540
Goods pending distribution	2,556,190	4,736,529
Prepaid expenses and other assets	3,913,226	1,544,445
Contribution receivable	416,353	3,909,404
Investments	9,011,928	18,299,133
Property and equipment—net	10,987,089	11,368,640
Total Assets	\$ 43,475,098	\$ 57,411,691
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 6,345,697	\$ 5,987,341
Annuity obligations	4,550,297	4,494,465
Total liabilities	10,895,994	10,481,806
Net assets:		
Net assets without donor restrictions	21,546,195	30,012,143
Net assets with donor restrictions	11,032,909	16,917,742
Total net assets	32,579,104	46,929,885
Total Liabilities and Net Assets	\$ 43,475,098	\$ 57,411,691

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions:			
Cash	\$ 120,630,550	\$ -	\$ 120,630,550
Gifts in kind of nonfinancial assets	332,663,215	-	332,663,215
	453,293,765	-	453,293,765
Investment gain	745,520	-	745,520
Other income	81,133	-	81,133
Total Support and Revenue	454,120,418	-	454,120,418
RECLASSIFICATIONS:			
Satisfaction of purpose restrictions	5,884,833	(5,884,833)	-
	5,884,833	(5,884,833)	-
EXPENSES:			
Program services:			
Educational	7,562,842	-	7,562,842
Basic needs	129,805,135	-	129,805,135
Healthcare	239,278,574	-	239,278,574
Community support and development	41,165,898	-	41,165,898
	417,812,449	-	417,812,449
Supporting activities:			
Fundraising	37,211,289	-	37,211,289
Management and general	13,447,461	-	13,447,461
	50,658,750	-	50,658,750
Total Expenses	468,471,199	-	468,471,199
Change in Net Assets	(8,465,948)	(5,884,833)	(14,350,781)
Net Assets, Beginning of Year	30,012,143	16,917,742	46,929,885
Net Assets, End of Year	\$ 21,546,195	\$ 11,032,909	\$ 32,579,104

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions:			
Cash	\$ 128,959,050	\$ 1,475,922	\$ 130,434,972
Gifts in kind of nonfinancial assets	360,378,479	-	360,378,479
	489,337,529	1,475,922	490,813,451
Investment loss	(695,854)	-	(695,854)
Other income	134,065	-	134,065
Total Support and Revenue	488,775,740	1,475,922	490,251,662
RECLASSIFICATIONS:			
Satisfaction of purpose restrictions	-	-	-
EXPENSES:			
Program services:			
Educational	10,383,104	-	10,383,104
Basic needs	132,911,283	-	132,911,283
Healthcare	256,641,003	-	256,641,003
Community support and development	42,021,126	-	42,021,126
	441,956,516	-	441,956,516
Supporting activities:			
Fundraising	46,097,864	-	46,097,864
Management and general	13,292,812	-	13,292,812
	59,390,676	-	59,390,676
Total Expenses	501,347,192	-	501,347,192
Change in Net Assets	(12,571,452)	1,475,922	(11,095,530)
Net Assets, Beginning of Year	42,583,595	15,441,820	58,025,415
Net Assets, End of Year	\$ 30,012,143	\$ 16,917,742	\$ 46,929,885

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services				Supporting Services				Total Expenses
	Educational	Basic Needs	Health Care	Community Support and Development	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Donated food, medical, and other commodities	\$ 1,444,858	\$ 82,052,068	\$ 230,425,056	\$ 20,386,097	\$ 334,308,079	\$ -	\$ -	\$ -	\$ 334,308,079
Purchased food, medical, and other commodities	661,932	11,730,835	279,620	2,765,802	15,438,189	-	-	-	15,438,189
Grants and other assistance	4,967,119	20,212,884	2,998,046	15,169,115	43,347,164	-	-	-	43,347,164
Salaries and related expenses	303,983	4,101,467	1,446,222	1,001,762	6,853,434	15,709,419	8,707,101	24,416,520	31,269,954
Freight	131,875	10,991,776	3,877,123	1,668,218	16,668,992	-	-	-	16,668,992
Printed materials and publicity	778	10,492	3,700	2,563	17,533	13,737,945	131,041	13,868,986	13,886,519
Postage	838	11,304	3,986	2,761	18,889	5,412,763	48,763	5,461,526	5,480,415
Travel	10,976	148,099	52,221	36,172	247,468	874,081	58,332	932,413	1,179,881
Professional services	6,554	88,424	31,179	21,597	147,754	732,979	526,616	1,259,595	1,407,349
Depreciation	5,806	78,332	27,621	19,132	130,891	87,260	195,708	282,968	413,859
Other office expenses	3,737	50,426	17,781	12,316	84,260	161,160	1,282,253	1,443,413	1,527,673
Repairs and maintenance	4,587	61,895	21,825	15,117	103,424	73,246	73,874	147,120	250,544
Courier and miscellaneous freight	524	7,076	2,495	1,728	11,823	41,614	6,999	48,613	60,436
Office supplies	558	7,529	2,655	1,839	12,581	90,243	185,285	275,528	288,109
Data processing	15,843	213,757	75,373	52,209	357,182	234,692	1,661,295	1,895,987	2,253,169
Insurance	-	-	-	-	-	-	380,956	380,956	380,956
Telephone	170	2,287	806	559	3,822	5,469	145,692	151,161	154,983
Occupancy	2,704	36,484	12,865	8,911	60,964	50,418	43,546	93,964	154,928
Totals	\$ 7,562,842	\$ 129,805,135	\$ 239,278,574	\$ 41,165,898	\$ 417,812,449	\$ 37,211,289	\$ 13,447,461	\$ 50,658,750	\$ 468,471,199

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services				Supporting Services				Total Expenses
	Educational	Basic Needs	Health Care	Community Support and Development	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Donated food, medical, and other commodities	\$ 4,537,613	\$ 84,995,373	\$ 247,572,304	\$ 22,844,996	\$ 359,950,286	\$ -	\$ -	\$ -	\$ 359,950,286
Purchased food, medical, and other commodities	353,775	10,198,316	67,099	2,215,961	12,835,151	-	-	-	12,835,151
Grants and other assistance	4,747,487	20,759,228	2,454,570	14,314,794	42,276,079	-	-	-	42,276,079
Salaries and related expenses	216,493	2,968,581	1,115,268	600,277	4,900,619	16,226,156	7,837,292	24,063,448	28,964,067
Freight	467,836	13,168,432	5,123,187	1,879,013	20,638,468	-	-	-	20,638,468
Printed materials and publicity	1,310	17,958	6,747	3,631	29,646	20,885,257	266,641	21,151,898	21,181,544
Postage	891	12,223	4,592	2,472	20,178	6,251,296	64,316	6,315,612	6,335,790
Travel	4,688	64,279	24,149	12,998	106,114	829,990	75,130	905,120	1,011,234
Professional services	21,084	289,111	108,616	58,461	477,272	1,054,280	574,516	1,628,796	2,106,068
Depreciation	5,782	79,288	29,788	16,033	130,891	87,260	285,885	373,145	504,036
Other office expenses	3,126	42,858	16,102	8,666	70,752	127,932	1,986,417	2,114,349	2,185,101
Repairs and maintenance	5,259	72,116	27,093	14,583	119,051	80,722	85,028	165,750	284,801
Courier and miscellaneous freight	376	5,159	1,938	1,043	8,516	93,937	3,918	97,855	106,371
Office supplies	802	10,990	4,128	2,222	18,142	130,990	286,164	417,154	435,296
Data processing	13,795	189,152	71,063	38,248	312,258	280,428	1,269,290	1,549,718	1,861,976
Insurance	-	-	-	-	-	672	381,060	381,732	381,732
Telephone	252	3,459	1,300	699	5,710	10,689	134,358	145,047	150,757
Occupancy	2,535	34,760	13,059	7,029	57,383	38,255	42,797	81,052	138,435
Totals	\$ 10,383,104	\$ 132,911,283	\$ 256,641,003	\$ 42,021,126	\$ 441,956,516	\$ 46,097,864	\$ 13,292,812	\$ 59,390,676	\$ 501,347,192

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (14,350,781)	\$ (11,095,530)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	413,859	504,036
Realized and unrealized (gains) losses on investments	(745,520)	370,245
Annuity actuarial change, net of payments	454,511	147,296
Gain on sale of property and equipment	-	(20,659)
Changes in assets/liabilities:		
Decrease (increase) in goods pending distribution	2,180,339	(537,714)
(Increase) decrease in prepaid expenses and other assets	(2,368,781)	2,101,082
Decrease in contribution receivable	3,493,051	-
Increase (decrease) in accounts payable and accrued expenses	358,356	(2,183,392)
Net Cash Used by Operating Activities	(10,564,966)	(10,714,636)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,812,017)	(1,383,682)
Proceeds from the sale of investments	11,554,742	3,135,033
Purchase of property and equipment	(32,308)	(181,800)
Proceeds from the sale of property and equipment	-	27,221
Net Cash Provided by Investing Activities	9,710,417	1,596,772
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new annuities	290,000	10,000
Payments on annuities	(398,679)	(394,526)
Net Cash Used by Financing Activities	(108,679)	(384,526)
Change in Cash and Cash Equivalents	(963,228)	(9,502,390)
Cash and Cash Equivalents, Beginning of Year	17,553,540	27,055,930
Cash and Cash Equivalents, End of Year	\$ 16,590,312	\$ 17,553,540

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

Food for the Poor, Inc. and Subsidiary (collectively referred to as the Organization) is the consolidated financial reporting entity for Food for the Poor, Inc. (Food for the Poor) and its subsidiary, the Food for the Poor Foundation Inc. (the Foundation).

Food for the Poor was incorporated in the state of Florida in 1982. Food for the Poor is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Food for the Poor qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The primary source of revenue for Food for the Poor is contributions from the general public.

The Organization is 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. The Organization accomplishes its mission through the following programs:

Educational: Employing a multidimensional approach to address the diverse needs of students and communities, the Organization prioritizes access to quality education by implementing various interventions. This includes the provision of educational materials to schools, ensuring that students have the necessary resources to support their learning journey, and scholarships for at-risk youth, which empower disadvantaged students to pursue their education without financial barriers.

We also recognize the importance of physical infrastructure, thus investing in building schools and improving school-level infrastructure such as computer labs to create conducive learning environments. Moreover, our commitment extends to addressing students' nutritional needs through school meal programs, ensuring that they can focus on their studies with proper nourishment. Furthermore, we prioritize enhancing teaching quality through teacher training initiatives, empowering educators with the necessary skills and pedagogical approaches to deliver effective instruction.

Beyond traditional academics, our education program efforts also emphasize skills training and vocational education, equipping young people and adults with practical skills for future employment opportunities and entrepreneurship.

Basic Needs: The Organization recognizes the importance of delivering essential aid to vulnerable communities, particularly amidst the challenges posed by devastating disasters and extreme poverty. By providing aid to alleviate the suffering of the impoverished, basic needs such as food, clothing, and shelter are being addressed. Food aid supports local feeding centers and distribution networks that locally procure fortified foods, thus facilitating access to nutritious meals to hungry children and families. Additionally, we prioritize initiatives to improve housing conditions and establish safe water systems, while promoting health and hygiene practices within communities.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION, continued:

Basic Needs, continued: In times of natural disasters, the organization's efforts extend to emergency preparedness and response measures, comprising disaster relief, mitigation efforts, and the distribution of emergency relief grants and kits. Through these initiatives, the organization remains committed to addressing the immediate needs of affected populations and helping them rebuild their lives in the aftermath of disasters.

Health Care: The Organization ships and delivers trailer loads of medical aid, medical supplies, and equipment, along with personal protective gear, masks, sanitizer, and other essential items. These shipments are instrumental in sustaining clinics, hospitals, and medical care centers, enabling them to provide essential medical assistance to impoverished children and families, enhancing their capacity to deliver essential services.

Furthermore, the Organization strengthens healthcare infrastructure in underserved areas by contributing to the construction of clinics, hospitals, and health centers. Additionally, it provides operational support to healthcare facilities, enhancing their operational efficiency and effectiveness in delivering care.

Under the Benevolence Program, the Organization offers funding for critical medical needs, ensuring access to necessary treatments and support. It also supports Maternal Health and Maternity Centers, ensuring safe pregnancies and childbirth for mothers in underserved communities.

Community Support and Development: Through the implementation of Sustainable Community Development (SCD) projects, the Organization takes a comprehensive approach to tackle the multiple dimensions of poverty. These initiatives are designed to address vulnerabilities, leverage existing resources, and foster sustainability by combining tangible interventions with social and spiritual components. These projects can differ in terms of their scale, local context, needs and strengths of the population that they serve.

Through these initiatives, the Organization facilitate paths out of poverty, leading to transformed lives; empowering individuals and communities to become an active participant in their own progress, fostering agency, resilience, and capabilities for a brighter future.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION, continued:

Community Support and Development, continued: Key focus areas of interventions in SCDs are:

- Adequate Housing and Water, Sanitation, and Hygiene (WASH) systems that promote sanitation and hygiene practices.
- Community Infrastructure: Investing in infrastructure such as bridges, community centers, solar panels, and other community assets such recreational areas and playgrounds.
- Food Security, Nutrition, Agriculture and Animal husbandry initiatives, including the distribution of agricultural tools, seeds, and training to enable communities to grow their own food and access to local markets for commercialization.
- Economic Empowerment: supporting income-generating activities and entrepreneurship opportunities to foster self-reliance and financial stability.
- Social Development: promoting governance structures, leadership development, and psychosocial support to strengthen community resilience and cohesion.

The Foundation was incorporated in the state of Florida in 2000. The Foundation exists to further the purposes of Food for the Poor. Control of the Foundation by Food for the Poor is complete because Food for the Poor controls the majority of the board of directors positions of the Foundation. For the years ended December 31, 2023 and 2022, there was no activity in the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of Food for the Poor and the Foundation. All significant inter-company balances and transactions have been eliminated.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes checking, savings, and money market accounts. Cash equivalents are defined as short-term, highly liquid debt securities that are both readily convertible to cash and have an original maturity of three months or less. At December 31, 2023 and 2022, the Organization's cash and cash equivalent balances with financial institutions exceeded federally insured limits by \$12,053,169 and \$12,731,215, respectively.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 using the valuation methods described below and the purchased goods are stated at the lower of cost or net realizable value at the time of purchase. Substantially all the goods pending distribution as of December 31, 2023, are expected to be distributed during the year ending December 31, 2024. Significant damage or expiration of pharmaceuticals may result in goods not being distributed. Management has determined any allowance for obsolescence or goods unable to be distributed by reviewing activity, expiration dates, and distribution history. Actual losses are recorded as a charge to the allowance as incurred, and additions to the allowance are charged to cost of goods distributed.

CONTRIBUTION RECEIVABLE

The Organization is the beneficiary of an irrevocable trust. Under the terms of the trust, the Organization has the irrevocable right to receive the remaining balance of assets of the trust after all other beneficiaries are paid. The fair value of the beneficial interest in the trust is recognized as an asset and as a contribution with donor restrictions at the date the trust was considered irrevocable. The Organization's estimate of fair value is based on fair value information received from the trustee. The trust assets consist of, but are not limited to, cash and cash equivalents, residential real property, ownership interest in various corporations, and equities. These assets are not subject to control or direction by the Organization. The Organization expects to receive their remainder of their portion of the assets during the year ended December 31, 2024.

INVESTMENTS

Investments include fixed income funds, equities, and mutual funds which are reported at estimated fair value. Donated investments are recorded at fair value at the date of gift. Investment earnings are reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Other investments include cash surrender value of life insurance, reinsured annuities assets, and cash and cash equivalents which are reported at lower of cost or fair value.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at fair value on the date of donation. The Organization generally capitalizes all property and equipment acquisitions in excess of \$1,500. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITY OBLIGATIONS

The Organization has issued charitable gift annuity agreements. Under these agreements, a donor contributes assets to the Organization in exchange for the right to receive a fixed dollar annual return during the donor's lifetime. A portion of the transfer is considered to be a charitable contribution for individual income tax purposes. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. The annuity liability is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. Actuarial changes and annuity payments are reported as other income in the consolidated statements of activities.

The Organization regularly purchases terminal funding group annuities from various insurance companies. The purpose of these policies is to reinsure the gift annuity obligations of the Organization. The insurance companies assume all mortality and investment risk associated with the gift annuities. However, the Organization remains liable for fulfilling the requirements of the gift annuity agreements. The value of these policies has been determined based on the present value of expected future payments to the insured annuitants and is included at the lower of cost or fair value on the consolidated statements of financial position as investments.

As a result of the reinsurance of the mortality and investment risk associated with gift annuities, changes in the present value of expected payments to annuitants over their life expectancies from the date of the policy forward represent changes in the associated asset and not income to the Organization. As of December 31, 2023 and 2022, the percentage of reinsured annuities was 92% and 98%, respectively.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts by class of net assets.

Without donor restrictions are currently available at the direction of the board for use in the Organization's operations or invested in property and equipment.

With donor restrictions are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled. The Organization's endowment assets consists of two funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The disclosures required by the *Reporting Endowment Funds* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) have not been included in these consolidated financial statements due to immateriality.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE AND REVENUE RECOGNITION

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor. Conditional promises to give (that is, those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met. The Organization has elected to report donor restricted contributions whose restrictions are met in the same reporting period as contributions without donor restrictions.

Gifts in kind received through private donations are recorded at their estimated fair value.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired assets have been placed in service.

Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Directly identifiable expenses are charged to the respective program and supporting services. Expenses related to more than one function are initially charged to programs and supporting services primarily based on a percentage of estimated utilized square footage of the Organization's facility. Expenses related to more than one program are allocated based on a percentage of the number of containers shipped and/or the number of on-going projects related to the type of program. General and administrative 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.

CONCENTRATIONS

The Organization received approximately 80% and 67% of total gifts in kind contributions from six and four donors during the years ended December 31, 2023 and 2022, respectively. The organizational implications of this are recognized by management.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, 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. The Organization considers general expenditures to be all expenditures related to fulfilling its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 16,590,312	\$ 17,553,540
Contribution receivable	416,353	3,909,404
Investments	<u>9,011,928</u>	<u>18,299,133</u>
Financial assets, at year-end	<u>26,018,593</u>	<u>39,762,077</u>
Less those unavailable for general expenditures within one year due to:		
Reinsured annuity asset	(3,919,006)	(4,154,122)
Investments held for long-term purposes	<u>(314,096)</u>	<u>(276,204)</u>
	<u>(4,233,102)</u>	<u>(4,430,326)</u>
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$ 21,785,491</u>	<u>\$ 35,331,751</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2023, the Organization has \$10,718,813 in net assets with donor restrictions for various time restrictions and projects. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	December 31,	
	2023	2022
Land	\$ 3,952,144	\$ 3,952,144
Land improvements	1,030,140	1,030,140
Buildings and improvements	10,406,230	10,406,230
Furniture and equipment	3,970,366	3,938,060
Vehicles	148,566	148,566
	<u>19,507,446</u>	<u>19,475,140</u>
Less accumulated depreciation	<u>(8,520,357)</u>	<u>(8,106,500)</u>
	<u>\$ 10,987,089</u>	<u>\$ 11,368,640</u>

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2023	2022
Contributions receivable (time restrictions)	\$ 416,353	\$ 3,909,404
Restricted for various project purposes	10,302,460	12,732,134
Restricted for long term purposes	314,096	276,204
	<u>\$ 11,032,909</u>	<u>\$ 16,917,742</u>

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Notes to Consolidated Financial Statements

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6. GIFTS IN KIND:

Gifts in kind included in the consolidated statement of activities for the year ended December 31, 2023, were as follows:

	Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Pharmaceutical items (donated by organizations inside United States and permissible inside United States)	\$ 140,359,010	No donor restrictions	Valued using costing data acquired from recognized and published resources and are valued at their estimated national average drug acquisition cost on a drug by drug basis. The Organization utilizes the National Average Drug Acquisition Cost (NADAC) data published by Medicaid in order to estimate fair value.
Medical supplies/equipment and other	77,471,161	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Food items	36,154,356	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Household goods	18,555,504	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Clothing	31,386,761	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Building materials	9,986,779	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Personal care items	13,526,618	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

6. GIFTS IN KIND, continued:

	Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Cleaning and sanitization items	1,511,197	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Educational items	1,577,639	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Other	2,134,190	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
	\$ 332,663,215		

The above gifts in kind have been utilized during the year ended December 31, 2023, in various program services as disclosed in the accompanying consolidated statements of functional expenses.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

6. GIFTS IN KIND, continued:

Gifts in kind included in the consolidated statement of activities for the year ended December 31, 2022, were as follows:

	Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Pharmaceutical items (donated by organizations inside United States and permissible inside United States)	\$ 142,416,986	No donor restrictions	Valued using costing data acquired from recognized and published resources and are valued at their estimated national average drug acquisition cost on a drug by drug basis. The Organization utilizes the National Average Drug Acquisition Cost (NADAC) data published by Medicaid in order to estimate fair value.
Pharmaceutical items (donated by organizations outside United States and permissible inside United States)	1,765,419	No donor restrictions	Valued based upon the wholesale market price of the countries representing the principal exit markets for those products and that value is then translated into U.S. dollars for inclusion in the consolidated financial statements.
Medical supplies/equipment and other	93,631,253	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Food items	33,135,084	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Household goods	24,402,199	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Clothing	24,296,258	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Building materials	13,330,454	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Personal care items	12,297,145	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

6. GIFTS IN KIND, continued:

	Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Cleaning and sanitization items	7,495,195	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Educational items	5,053,982	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
Other	2,554,504	No donor restrictions	Valued at estimated wholesale value estimated by the Organization using like-kind analyses.
	\$ 360,378,479		

The above gifts in kind have been utilized during the year ended December 31, 2022, in various program services as disclosed in the accompanying consolidated statements of functional expenses.

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Notes to Consolidated Financial Statements

December 31, 2023 and 2022

7. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. Fair values of assets and liabilities measured on a recurring basis are as follows:

	Fair Value Measurements at			
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income funds	\$ 1,863,798	\$ -	\$ -	\$ 1,863,798
Mutual funds	2,249,066	-	-	2,249,066
	\$ 4,112,864	\$ -	\$ -	4,112,864
Reconciling items at cost:				
Cash surrender value of life insurance				37,038
Reinsured annuities asset				3,919,006
Cash and cash equivalents				943,020
				4,899,064
Total investments				\$ 9,011,928

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

7. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS. continued:

	Fair Value Measurements at			
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income funds	\$ 6,487,490	\$ -	\$ -	\$ 6,487,490
Mutual funds	5,570,437	-	-	5,570,437
	\$ 12,057,927	\$ -	\$ -	12,057,927
Reconciling items at cost:				
Cash surrender value of life insurance				37,038
Reinsured annuities asset				4,154,122
Cash and cash equivalents				2,050,046
				6,241,206
Total investments				\$ 18,299,133

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Fixed income funds, equities, mutual funds—The fair value of these financial instruments is based upon quoted market prices or dealer quotes in an active market.

Changes in valuation techniques—None.

8. ASSOCIATED CHARITIES:

The Organization is associated with four charities. These charities were established with the name Food for the Poor—(country name) and are based in Canada, Jamaica, Haiti, and Guyana. Except for Food for the Poor—Canada, each of the charities operates distribution centers in their base country. The Organization has no ownership or voting interest in these charities. In 2023 and 2022, the Organization made distributions of cash and non-cash distributions of approximately \$125,360,000 and \$147,850,000, respectively to these associated charities.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

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9. EMPLOYEE BENEFITS:

The Organization maintains a 403(b)(7) ERISA Title 1 Plan (the “Plan”) which covers all employees. Participants may elect to contribute up 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. For 2023 and 2022, the Organization accrued approximately \$410,100 and \$446,500, respectively of contributions to the Plan all of which is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position and salaries and related expenses in the accompanying consolidated statements of functional expenses. The assets of the Plan are the property of the Plan’s participants and their beneficiaries; therefore, the assets of the Plan are not included in the accompanying consolidated financial statements.

10. COMMITMENTS AND CONTINGENCIES:

Grants and contracts awarded to the Organization are subject to the funding agencies’ criteria, contract terms, and regulations under which expenditures may be charged. Expenditures are subject to audit under such terms, regulations, and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended December 31, 2023.

Certain grants awarded by the U.S. Government are subject to appropriations and funding thereof that may result in delays or even suspension of funding as a result of U.S. Government budgetary constraints imposed by the U.S. Congress.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 25, 2024, which is the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.