



**FOOD FOR
THE HUNGRY**

FOOD FOR THE HUNGRY

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2022
(with summarized comparative financial
information for the year ended
September 30, 2021)

FOOD FOR THE HUNGRY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Food for the Hungry, Inc., FH Association,
and Food for the Hungry Foundation, Inc.
Phoenix, Arizona

Opinion

We have audited the accompanying consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc., which comprise the consolidated statement of financial position as of September 30, 2022, the related consolidated statements of activities, functional expenses, and cash flows for the year 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 financial position of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc.'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 Hungry, Inc., FH Association,
and Food for the Hungry Foundation, Inc.
Phoenix, Arizona

Auditors' Responsibilities 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 Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the 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 Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Board of Directors
Food for the Hungry, Inc., FH Association,
and Food for the Hungry Foundation, Inc.
Phoenix, Arizona

Report on Summarized Information

We have previously audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2021 and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 10, 2022. In our opinion, the summarized comparative information presented herein as of and from the year ended September 30, 2021 is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.

Capin Crouse LLP

Colorado Springs, Colorado
February 13, 2023

FOOD FOR THE HUNGRY

Consolidated Statement of Activities

(with summarized comparative financial information for the year ended September 30, 2021)

	Year Ended September 30,			
	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT, REVENUE, AND OTHER:				
Cash contributions:				
Non-U.S. National Organizations	\$ 123,495	\$ 5,912,134	\$ 6,035,629	\$ 5,205,156
Other governments	-	10,546,472	10,546,472	12,272,800
Child sponsorships	-	67,708,511	67,708,511	58,350,559
Other cash contributions	5,498,121	11,826,064	17,324,185	17,704,998
U.S. government grants	-	48,256,221	48,256,221	37,685,286
Investment income (loss)	(634,593)	(265,953)	(900,546)	436,241
Change in value of annuities	(274,884)	-	(274,884)	210,254
Gain on extinguishment of debt	-	-	-	3,244,718
Other income	270,306	-	270,306	411,114
Noncash support and revenue:				
U.S. government commodities provided for distribution	-	31,725,170	31,725,170	10,543,907
Other donated commodities	9,640,917	1,886,279	11,527,196	9,016,500
Net assets released from restrictions	179,384,030	(179,384,030)	-	-
Total Support, Revenue, and Other	194,007,392	(1,789,132)	192,218,260	155,081,533
EXPENSES:				
Program ministries	161,648,980	-	161,648,980	121,905,489
Supporting services:				
Fundraising	32,980,052	-	32,980,052	16,487,574
General and administrative	10,293,273	-	10,293,273	8,670,684
	43,273,325	-	43,273,325	25,158,258
Total Expenses	204,922,305	-	204,922,305	147,063,747
Change in Net Assets Before				
Foreign Currency Translation	(10,914,913)	(1,789,132)	(12,704,045)	8,017,786
Foreign currency translation adjustments	(533,490)	-	(533,490)	10,733
Change in Net Assets	(11,448,403)	(1,789,132)	(13,237,535)	8,028,519
Net Assets, Beginning of Year	34,260,511	21,161,916	55,422,427	47,393,908
Net Assets, End of Year	\$ 22,812,108	\$ 19,372,784	\$ 42,184,892	\$ 55,422,427

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Functional Expenses

Year Ended September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

	Program Ministries:			Supporting Services:		2022 Total	2021 Total	
	Relief and Development	Child Sponsorship and Development	Public Awareness and Education	Total Program Ministries	Fundraising			General and Administrative
Contributed supplies, materials, commodities	\$ 61,685,317	\$ 30,043,502	\$ 22,330	\$ 91,751,149	\$ -	\$ -	\$ 91,751,149	\$ 58,029,462
Salaries and benefits	31,624,348	14,912,975	1,246,888	47,784,211	4,387,648	5,893,984	58,065,843	56,195,143
Events, general information, and education	87,220	-	206,055	293,275	27,125,945	23,049	27,442,269	10,567,121
Travel	4,404,662	2,939,355	10,782	7,354,799	142,607	458,944	7,956,350	5,833,531
Office	1,620,048	988,570	2,635	2,611,253	1,150,662	2,341,307	6,103,222	5,712,740
Grants to other organizations	5,135,899	-	-	5,135,899	-	-	5,135,899	2,148,062
Professional services	1,627,563	984,595	44,202	2,656,360	78,333	954,690	3,689,383	3,470,049
Occupancy	2,190,191	764,480	-	2,954,671	63,666	211,907	3,230,244	3,044,968
Depreciation	274,302	112,724	-	387,026	2,730	195,660	585,416	626,054
Other	573,455	142,032	4,850	720,337	28,461	213,732	962,530	1,436,617
Total Expenses	<u>\$ 109,223,005</u>	<u>\$ 50,888,233</u>	<u>\$ 1,537,742</u>	<u>\$ 161,648,980</u>	<u>\$ 32,980,052</u>	<u>\$ 10,293,273</u>	<u>\$ 204,922,305</u>	

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Cash Flows

(with summarized comparative financial information for the year ended September 30, 2021)

	Year Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (13,237,535)	\$ 8,028,519
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	585,416	626,054
Net realized and unrealized (gains) losses on investments	1,117,620	(289,933)
Reinvested dividends	(217,074)	(146,308)
Change in value of annuities	274,884	(210,254)
Foreign currency translation	533,490	(10,733)
Gain on extinguishment of debt (principal)	-	(3,204,643)
Changes in operating assets and liabilities:		
Grant and other receivables	(1,245,265)	3,477,108
Prepaid expenses and other assets	(1,768,282)	1,841,793
Accounts payable, accrued expenses, and long-term liabilities	2,848,712	(3,407,731)
Deferred income	(525,472)	(560,175)
Net Cash Provided (Used) by Operating Activities	(11,633,506)	6,143,697
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of land, buildings, and equipment	(609,333)	(601,114)
Proceeds from sale of investments	104,022	91,713
Purchases of annuity assets	-	(117,184)
Proceeds from annuity assets	61,541	61,618
Net Cash Used by Investing Activities	(443,770)	(564,967)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Annuity payments	(61,541)	(61,618)
Net Cash Used by Financing Activities	(61,541)	(61,618)
Effect of Exchange Rate Changes on Cash	(533,490)	10,733
Net Change in Cash, Cash Equivalents, and Board-Designated Cash	(12,672,307)	5,527,845
Cash, Cash Equivalents, and Board-Designated Cash, Beginning of Year	42,505,735	36,977,890
Cash, Cash Equivalents, and Board-Designated Cash, End of Year	\$ 29,833,428	\$ 42,505,735

(continued)

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Cash Flows

(with summarized comparative financial information for the year ended September 30, 2021)

(continued)

	<u>Year Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
CASH, CASH EQUIVALENTS, AND BOARD-DESIGNATED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 19,933,428	\$ 32,605,735
Board-designated cash	<u>9,900,000</u>	<u>9,900,000</u>
	<u>\$ 29,833,428</u>	<u>\$ 42,505,735</u>
SUPPLEMENTAL DISCLOSURE AND NON-CASH TRANSACTIONS:		
Gain on extinguishment of debt (principal of \$3,204,643 and interest of \$40,075)	<u>\$ -</u>	<u>\$ 3,244,718</u>
Change in value of reinsured annuity assets and liabilities	<u>\$ (3,089)</u>	<u>\$ (6,103)</u>

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

1. NATURE OF ORGANIZATION:

Food for the Hungry, Inc. (FH Inc.), FH Association, and Food for the Hungry Foundation, Inc. (FHF) share a common board and management structure responsible to operate the three entities as Food for the Hungry (FH). With the existing financial interrelatedness of and affiliation agreement between FH Inc. and FH Association, the organizations have consolidated their financial statements as required under the Not-for-Profit Consolidation topic of the Financial Accounting Standards Board Accounting Standards Codification. Four additional independent national organizations, described below, provide support to FH Association but are excluded from these consolidated financial statements.

FH Inc. is a Christian international relief and development organization incorporated in the United States of America (California) on January 28, 1971.

FH Association is a not-for-profit international association chartered in Switzerland on November 23, 2006. FH Association operates in Bangladesh, Bolivia, Burundi, Cambodia, Democratic Republic of Congo, Dominican Republic, Ethiopia, Guatemala, Haiti, Indonesia, Kenya, Mozambique, Nicaragua, Peru, Philippines, Rwanda, South Sudan, Uganda, and other countries with smaller field operations.

FHF was incorporated in the United States of America (Colorado) on August 14, 2003. FHF is organized and operated under the control and for the benefit of FH Inc.

Tax Status

FH Inc. and FHF are not-for-profit corporations in the United States of America, which are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and are also exempt from state income taxes. However, the organizations are subject to federal income taxes on any unrelated business taxable income. Each of these entities has been classified as publicly supported organizations, which are not private foundations, under Section 509(a) of the Code. Contributions by the public are deductible for income tax purposes. FH Association is recognized as a 501(c)(4) organization.

Operating Revenues

FH relies upon contributions, government funding, and private grants from its cooperative national support organizations (see Affiliated Organizations below) in order to carry out its operations. FH's ability to continue functioning at its current level of operations is dependent upon its ability to generate similar future funding.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

1. NATURE OF ORGANIZATION, continued:

Programs

The vision of FH is to respond to God's call until all forms of human poverty are ended worldwide. This is achieved by FH following God's call responding to human suffering and graduating communities from extreme poverty. The following programs are designed to fulfill this vision and purpose.

Relief and Development

Emergency relief and rehabilitation, clean-water and sanitation projects, health education and intervention, agriculture development, income generation, life-skills training, and education programs and general distribution of food commodities to impacted communities, as well as, food for work distribution in federally funded programs.

Child Sponsorship and Development

Monthly sponsorship provides a child with access to nutritious food, clothing, medical care, educational supplies, and spiritual nourishment through community development programs. Because the programs are family and community based, gifts help the entire family and community. Commodities distributions are conducted among sponsorship communities which mainly involves provision of medical supplies and pharmaceuticals mainly deworming medicines and vitamins.

Public Awareness and Education

By providing information and advocating about issues and public policies surrounding poverty and implementing educational programs, FH serves as an advocate for some of the poorest people in the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of FH have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of Food For the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc., collectively referred to as Food for the Hungry (FH). All significant intercompany balances and transactions between these entities have been eliminated to avoid double-counting.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

COMPARATIVE FINANCIAL INFORMATION

The consolidated financial statements include certain prior year summarized comparative information in total but not by level of the fair value hierarchy or restriction classification. 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 FH's consolidated financial statements for the year ended September 30, 2021, from which the summarized information was derived.

USE OF ESTIMATES

The preparation of consolidated 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.

AFFILIATED ORGANIZATIONS

FH Inc. is cooperative with other national support organizations ("National Organizations" or "NO") in Canada, Switzerland, United Kingdom, and the United States of America (Korean-American Food for the Hungry). The NOs operate cooperatively with the FH Association as independent not-for-profit organizations. They are also joined by yet other national organizations in a looser organization of affiliates called the FHI-Federation, which includes Japan and Korea. The NOs raise funds, supply human resources, and help design and evaluate relief and development programs implemented in many countries around the globe. These NOs provide support for FH Association activities through cash contributions and commodities. Certain affiliates contribute towards shared overhead expenses such as salaries and other expenses.

For the years ended September 30, 2022 and 2021, the support received from other affiliates was:

	<u>Grants-Cash Contributions</u>	<u>Donated Commodities</u>	<u>2022 Total</u>	<u>2021 Total</u>
Affiliated Organizations:				
Canada	\$ 3,376,788	\$ 1,886,279	\$ 5,263,067	\$ 4,140,390
United Kingdom	683,452	-	683,452	700,071
Switzerland	683,286	-	683,286	258,218
Korea	635,653	-	635,653	311,174
Japan	462,810	-	462,810	511,714
Korean American	193,640	-	193,640	116,310
	<u>\$ 6,035,629</u>	<u>\$ 1,886,279</u>	<u>\$ 7,921,908</u>	<u>\$ 6,037,877</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

AFFILIATED ORGANIZATIONS, continued

Several affiliates above also support FH Association programs by securing grants from other government organizations as reflected in the chart below:

	Grants-Cash Contributions 2022 Total	Grants-Cash Contributions 2021 Total
Switzerland	\$ 733,415	\$ 554,356
Korea	\$ 71,903	\$ 432,468
United Kingdom	\$ 99,036	\$ 562,881

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash on hand, cash on deposit, and investments purchased with original maturities of three months or less. As of September 30, 2022 and 2021, cash and cash equivalents (including board-designated cash) on deposit exceeded federally insured limits by approximately \$29,046,000 and \$40,838,000, respectively. FH has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

All bank accounts are located in the countries where offices are located, with most cash centralized in the United States of America. As of September 30, 2022 and 2021, approximately \$2,524,000 and \$2,812,000, respectively, was located in countries which impose various restrictions. The nature of these restrictions range from prohibitions on removal of currency from the country to restrictions on the maximum amount of local currency which can be exchanged for U.S. dollars.

INVESTMENTS

Investments consists of mutual funds, exchange-traded funds, government bonds, cash in investment brokerage accounts held in trust for the Child Vocational Scholarship Fund and to fund annuities for which FH is trustee. Mutual funds, exchange-traded funds, and government bonds are carried at fair market value. Donated securities are recorded at estimated fair market value on the date of the gift and thereafter carried at fair market value.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

GRANTS RECEIVABLE AND PAYABLE

FH receives government grants for use in relief and development programs. A portion of these funds are expended and the remaining portions are sub-granted to similar not-for-profit organizations. As of September 30, 2022 and 2021, amounts due from government grants for expenditures incurred were \$1,393,357 and \$1,144,125, respectively, which is included in grants and other receivables on the consolidated statements of financial position. As of September 30, 2022 and 2021, there were no grants payable to other agencies.

INVESTMENT IN AFFILIATES

FH retains investments in micro-finance programs in Africa through Faulu Microfinance Bank Limited and Opportunity Uganda Bank Limited. As of September 30, 2022 and 2021, FH directly owns 10% of Faulu Microfinance Bank's outstanding common shares and has an indirect claim on additional shares controlled by another entity. The FH board and the board of Faulu Microfinance Bank have one director in common. FH accounts for its investment using the cost method. FH's interest in Opportunity Uganda Bank Limited as of September 30, 2022 and 2021 is approximately 1%, which is also carried on the cost method.

LAND, BUILDINGS, AND EQUIPMENT

FH Inc. and FH Association expenditures greater than \$5,000 for land, buildings, and equipment are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets, ranging from three years for software to forty years for buildings. Certain assets are purchased under grant agreements for direct use in programs and are expended in the year of acquisition when title for or ultimate ownership of the asset does not remain with FH.

ANNUITY ASSETS AND REINSURANCE CONTRACT

FH Inc. has established a gift annuity plan that allows donors to contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered a charitable contribution for income tax purposes.

The difference between the amount contributed for gift annuities and the liability for future payments, determined on an actuarial basis, is recognized as income at the date of the gift and is included on the consolidated statement of activities in contributions. The difference between annuity assets and liabilities is reported on the consolidated statement of financial position as net assets.

The present value of the expected payments to the annuitants over their life expectancy is included on the consolidated statement of financial position as a liability under annuity obligations. The liability is revalued annually based upon actuarially computed present values. The change in the present value, net of investment income, and terminations, is included on the consolidated statement of activities as change in value of annuities.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITY ASSETS AND REINSURANCE CONTRACT, continued

In March 2002, FH Inc. purchased a Nonparticipating Terminal Funding Group Annuity from an insurance company. The purpose of this policy is to reinsure the gift annuity obligations of FH Inc. The insurance company has assumed all mortality and investment risk associated with the gift annuities. However, FH Inc. remains liable for fulfilling the requirements of the gift annuity agreements. The value of this policy has been determined to equal the outstanding annuity obligations of FH Inc. and is included on the consolidated statement of financial position as annuity assets and reinsurance contract.

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 gift annuity reinsurance contract and not income to FH Inc.

As of September 30, 2022, annuity assets totaled \$1,625,797 (\$58,757 was covered by reinsurance and \$1,567,040 was covered by other annuity assets) and annuity obligations totaled \$561,674 (\$58,757 were reinsured liabilities and \$502,917 were actuarial liabilities to annuitants). For the comparable period, as of September 30, 2021, annuity assets totaled \$1,920,870 and annuity liabilities totaled \$581,863.

NET ASSETS

The consolidated financial statements report amounts by classification of net assets as follows:

Net assets without donor restrictions amounts are currently available at the discretion of the board for use in FH's operations, specific purposes as designated by the board, or investments in land, building and equipment and in affiliate companies.

Net assets with donor restrictions amounts are stipulated by donors for specific operating purposes, for capital projects, for time restrictions, or to be restricted in perpetuity (see Note 10 for a summary of net assets with donor restrictions).

Net assets restricted in perpetuity amounts are those which represent permanent endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available as without donor restrictions or with donor restrictions, as specified in endowment agreements. Net assets restricted in perpetuity consist of the Child Vocational Scholarship Fund. Each year, all or part of the investment income from the Child Vocational Scholarship Fund is available for award to graduates of the child sponsorship program for additional vocational training. The investment income can also be used by FH Association staff toward funding courses that would enable them to better serve the country in which they minister.

All contributions and grants are considered available for use without donor restrictions unless specifically restricted by the donor.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND OTHER

Contributions and grants are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to FH. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met.

FH receives donations of food, clothing, medical supplies, and other commodities for use in various programs from the U.S. government and other donors. The U.S. government and other donors may place restrictions on these gifts for the program or location in which they are used. All such gifts-in-kind are distributed by FH Association or similar not-for-profit organizations for ultimate use by needy people around the world (Note 11). FH did not monetize any gifts-in-kind during the years ended September 30, 2022 and 2021.

The gifts-in-kind received through private donations are recorded at their estimated fair value on the date of the gift. For the years ended September 30, 2022 and 2021, FH reported its gifts-in-kind based on market sources and inputs to estimate fair value using an exit price notion. For non-FDA (Food and Drug Administration) deworming medicines, FH relied on survey data from the surrounding countries to determine fair value. U.S. government commodities are valued using the purchase price by the U.S. Department of Agriculture, as depicted on the bill of lading, which approximates fair value.

FH is a member of the Accord Network, a group of charities performing relief and development work. In accordance with standards the group developed in December 2009 and revised in May 2019 (the Interagency Gift-in-kind Standards), FH only recognizes amounts related to the value of commodities when FH (i) is the original recipient of the gift, or (ii) is in partnership with another organization for distribution, or (iii) uses the commodities in a FH program.

Contributions, grants, and gifts-in-kind are recorded as with donor restrictions if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from with donor restrictions to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. FH's policy is to record contributions with donor restrictions received and expended in the same accounting period as contributions with donor restrictions and net assets released from restrictions. Contributions with donor restrictions are subject to assessments based on level of administrative and fundraising effort for that specific revenue stream. Assessments are classified as contributions without donor restrictions at the time the contributions are received.

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND OTHER, continued

Support from governments in other countries restricted for specified purpose, primarily United Kingdom, Switzerland, Korea, and intergovernmental agencies including the United Nations International Children's Emergency Fund (UNICEF), the United Nations World Food Programme (UNWFP), and the United Nations Food and Agriculture Organization (UNFAO), is recognized as cash contributions from other governments in the consolidated statement of activities.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting. See Note 9 for details regarding the gain on extinguishment of debt.

During the year ended September 30, 2022, FH received approximately 44% of total revenue from private contributions, 42% of total revenue from U.S. government grants, 6% gifts-in-kind received through private donations, and 8% from all other sources. During the year ended September 30, 2021, FH received approximately 49% of total revenue from private contributions, 31% from U.S. government grants, 6% gifts-in-kind received through private donations, and 14% from all other sources.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program ministries and supporting services have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program ministries and supporting services benefited. Salaries and benefits are allocated based on time and effort. Occupancy expenses represents space related costs, including depreciation and lease expense, which are allocated to the functional categories directly and/or based on the square footage occupancy. Other costs are allocated based on the purpose of the expense.

ALLOCATION OF JOINT COSTS

FH's policy is to allocate all costs of activities which have a fund-raising component as 100% fund-raising in accordance with the *Accounting for Costs that Include Fundraising* topic of the Financial Accounting Standards Board Accounting Standards Codification.

FOREIGN CURRENCY TRANSLATION

All field offices have identified their local currency as their functional currency and the U.S. dollar as their reporting currency. The consolidated financial statements of these locations are remeasured to U.S. dollars using month end rates of exchange for all monetary assets and liabilities, and average rates of exchange for the year for revenues and expenses. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statement of activities. FH recognized a net unrealized foreign gain (loss) of (\$533,490) and \$10,733 during the years ended September 30, 2022 and 2021, respectively, which is reported in the consolidated statement of activities as foreign currency translation adjustments.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Methods and assumptions used by FH in estimating fair values are:

Mutual funds and exchange-traded funds –fair value is based on quoted market prices in an active market.

Government bonds –fair value is based on yields currently available on comparable securities of issuers with similar credit ratings.

Investment income (loss) consists of:

	Year Ended September 30,	
	2022	2021
Interest and dividends	\$ 217,074	\$ 146,308
Realized and unrealized gains (losses) on investments	(1,117,620)	289,933
	\$ (900,546)	\$ 436,241

4. ENDOWMENT FUNDS:

FH's endowment consists of one individual fund established for the provision of scholarships and included investments \$1,465,589 and \$1,834,010, as of September 30, 2022 and 2021, respectively. FH's board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by FH in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, FH considers factors such as duration and preservation of the fund, general economic conditions, purposes the fund, etc. in making a determination to appropriate or accumulate donor-restricted endowment funds.

Endowment net asset composition by type of fund is:

	September 30, 2022			September 30, 2021 Total
	With Donor Restrictions	Restricted in Perpetuity	Total	
Donor-restricted endowment funds	\$ 965,589	\$ 500,000	\$ 1,465,589	\$ 1,834,010
Total endowment funds	\$ 965,589	\$ 500,000	\$ 1,465,589	\$ 1,834,010

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

4. ENDOWMENT FUNDS, continued:

Changes in endowment net assets consist of:

	Year Ended September 30, 2022			Year Ended September 30, 2021 Total
	With Donor Restrictions	Restricted in Perpetuity	Total	
Endowment net assets, October 1, 2021	\$ 1,334,010	\$ 500,000	\$ 1,834,010	\$ 1,485,362
Investment return:				
Interest and dividend income	44,345	-	44,345	25,238
Realized and unrealized gains (losses)	(310,298)	-	(310,298)	406,560
Total investment return	(265,953)	-	(265,953)	431,798
Appropriation of endowment assets for expenditure	(102,468)	-	(102,468)	(83,150)
Endowment net assets, September 30, 2022	\$ 965,589	\$ 500,000	\$ 1,465,589	\$ 1,834,010

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires FH to retain as a fund of perpetual duration. There were no deficiencies as of September 30, 2022 and 2021.

Return objectives and risk parameters: FH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FH must hold in perpetuity. Under this policy, as approved by FH's Board, the endowment assets are invested in a manner that is intended to produce results that match the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. FH expects its endowment funds, over time, to provide an average rate of return of approximately five percent annually. Actual returns in any given year may vary from this amount.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

4. ENDOWMENT FUNDS, continued:

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, FH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: By prior agreement with one of its national organizations, FH distributes five percent of its principal endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

5. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects FH's financial assets reduced by amounts not available for general use within one year, as of September 30, 2022 and 2021. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the board of directors has set aside funds.

	September 30,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 19,933,428	\$ 32,605,735
Investments	6,461,944	7,098,091
Grants and other receivables	3,265,463	2,020,198
Board-designated cash	9,900,000	9,900,000
Annuity assets and reinsurance contract	1,625,797	1,920,870
Other long-term assets	83,722	82,395
Investment in affiliate companies	3,436,338	3,436,338
Child Vocational Scholarship Fund	1,465,589	1,834,010
	<u>46,172,281</u>	<u>58,897,637</u>
Less those unavailable for general expenditures within one year, due to:		
Reinsured annuity assets	(58,757)	(61,846)
State required reserves	(655,458)	(674,749)
Cash surrender value of life insurance	(83,722)	(82,395)
Investment in affiliate companies	(3,436,338)	(3,436,338)
Board-designated funds	(9,900,000)	(9,900,000)
Assets held for endowment fund not expected to be distributed	<u>(1,392,310)</u>	<u>(1,742,310)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 30,645,696</u>	<u>\$ 42,999,999</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

5. LIQUIDITY AND AVAILABILITY OF RESOURCES, continued:

FH regularly monitors the liquidity required to meet its operating needs. FH has various sources of liquidity at its disposal including cash and cash equivalents, short-term investments, and a \$2,300,000 line of credit (see Note 14). A significant portion of FH's revenue either recurs on a monthly basis (i.e. Child Sponsorship revenue) or is earned under reimbursement arrangements with large donors such as the U.S. government. Both of these earning streams are highly predictable and reduce the risk of liquidity shortfalls from near-term revenue interruptions. In addition, many of our donors provide funds to FH in advance of the need to expend the funds which provides a significant short-term liquidity benefit.

The financial assets available as of September 30, 2022 and 2021, to meet cash needs for general expenditures within one year will be used primarily to fund donor restricted programs and current liabilities. As of September 30, 2022 and 2021, \$17,906,351 and \$21,161,916, respectively, is required to fund donor restricted commitments and \$11,833,594 and \$9,993,603, respectively, is required to fund current liabilities.

6. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

	September 30,	
	2022	2021
Prepaid expenses	\$ 7,033,591	\$ 5,131,375
Inventory	2,049,279	2,179,195
Security deposits	177,687	175,765
Cash surrender value of life insurance	83,722	82,395
Program advances	19,767	27,034
	<u>9,364,046</u>	<u>7,595,764</u>
Less long-term other assets	<u>(83,722)</u>	<u>(82,395)</u>
	<u>\$ 9,280,324</u>	<u>\$ 7,513,369</u>

7. INVESTMENT IN AFFILIATE COMPANIES:

Investment in affiliate companies consist of:

	September 30,	
	2022	2021
Investment in Faulu Kenya–cost method	\$ 3,323,498	\$ 3,323,498
Investment in Opportunity Bank Uganda Limited–cost method	112,840	112,840
	<u>\$ 3,436,338</u>	<u>\$ 3,436,338</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

8. LAND, BUILDINGS, AND EQUIPMENT–NET:

Land, buildings, and equipment–net consist of:

	September 30,	
	2022	2021
Land	\$ 1,270,730	\$ 1,270,730
Buildings and improvements	1,945,207	1,921,239
Furniture and fixtures	354,207	354,207
Office equipment	700,350	635,577
Computer equipment	1,634,734	1,276,382
Computer software	1,222,264	1,371,360
Vehicles	4,067,683	3,823,272
	<u>11,195,175</u>	<u>10,652,767</u>
Less accumulated depreciation	<u>(8,082,499)</u>	<u>(7,564,008)</u>
	<u>\$ 3,112,676</u>	<u>\$ 3,088,759</u>

Management has reviewed the assets in other countries and, in its opinion, determined they are under control and ownership of FH. While such items are recognized as assets of FH, it should be noted that the political situation in many other countries is subject to rapid change. Therefore, the reader should be aware that while FH believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized should the assets be sold.

9. LOAN PAYABLE:

Loan payable consists of a Paycheck Protection Program loan. The loan was fully forgiven during the year ended September 30, 2021 as FH met certain spending and employment thresholds in line with the criteria of the program. As a result a gain on extinguishment of debt was recorded on the consolidated statement of activities for \$3,244,718, in which \$3,204,643 is related to the principal and \$40,075 is related to accrued interest, for the year ended September 30, 2021. As of September 30, 2022 and 2021, there were no loans payable recorded on the consolidated statement of financial position.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

10. NET ASSETS:

Net assets without donor restrictions consist of:

	September 30,	
	2022	2021
Undesignated—operating	\$ 9,475,770	\$ 20,924,173
Board-designated:		
Strategic operational reserve	6,000,000	6,000,000
Phoenix building	3,900,000	3,900,000
Investment in affiliate companies	3,436,338	3,436,338
	\$ 22,812,108	\$ 34,260,511

Net assets with donor restrictions consist of:

	September 30,	
	2022	2021
Restricted by purpose or time:		
Child sponsorship	\$ 8,999,520	\$ 10,751,205
Relief efforts and international projects	8,221,724	7,935,018
Child Vocational Scholarship Fund	966,433	1,334,014
Other	685,107	641,679
	18,872,784	20,661,916
Restricted in perpetuity:		
Endowment net assets	500,000	500,000
	\$ 19,372,784	\$ 21,161,916

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

11. GIFTS-IN-KIND:

FH receives donations of gifts-in-kind for use in programs that support its mission and purpose. Unless specifically directed by the donor, FH's policy is to not monetize the gifts-in-kind but use them directly in program activities. Such gifts are recorded at their estimated fair value at the date of donation based on the quantities donated, their condition, and utility for use. Gift-in-kind contributions were provided by the following donation sources:

	Year Ended September 30,	
	2022	2021
United States Agency for International Development (USAID):		
Yellow split peas	\$ 18,017,223	\$ 1,304,809
Wheat	10,407,145	7,446,457
Vegetable oil	3,072,680	1,100,954
Harvest lentil pro	228,122	228,122
Corn meal	-	329,734
Green peas	-	133,831
	31,725,170	10,543,907
For-Profit Corporations:		
Deworming	6,094,080	4,901,850
Non-Profit Organizations:		
Deworming	2,397,180	870,010
Vitamins	1,144,390	560,489
School kits	544,324	1,030,342
Quilts	491,130	445,910
Dehydrated vegetable soup mix	446,279	832,721
Personal and baby care kits	340,410	272,271
Wheelchairs	69,403	102,907
	5,433,116	4,114,650
	\$ 43,252,366	\$ 19,560,407

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

11. GIFTS-IN-KIND, continued:

USAID

FH receives various agricultural commodities from USAID or through subservice organizations of USAID, which are valued using guidelines published by the United States Department of Agriculture and the USAID.

For-Profit Corporations

FH receives non-FDA (Food and Drug Administration) deworming medicines from for-profit corporations, which are valued based on purchased survey data from surrounding countries to determine fair value based on the price wholesalers paid to manufacturers.

Non-Profit Organizations

FH receives non-FDA deworming medicines, vitamins, wheelchairs, dehydrated soup, school kits, personal and baby care kits, and quilts from various non-profit organizations. Non-FDA deworming medicines are valued as stated above. The remaining items are valued using estimated fair value on the date of the gift.

U.S. government (USG) commodities are restricted and can only be used as defined in USG funded projects in line with the grants terms and conditions. Private commodities received from both for-profit corporations and non-profit organizations are without donor restrictions except commodities received from FH Canada. During the year ended September 30, 2022 and 2021, FH received commodities from FH Canada in the amount of \$1,886,279 and \$832,721, respectively. The restrictions are related to a specific country and FH is not at liberty to change.

A significant number of volunteers have donated substantial amounts of time to FH's programs, fundraising, and administrative activities that are not included in the accompanying consolidated financial statements, as the services provided do not meet the required accounting criteria to be recognized by accounting standards generally accepted in the United States.

FH distributes gifts-in-kind for direct program use and to other agencies/organizations in support of FH's mission. Gifts-in-kind distributed, included within direct relief and development expenses within the consolidated statement of functional expenses, during the years ended September 30, 2022 and 2021 were \$43,443,042 and \$21,020,214, respectively. FH only records the value of the gifts-in-kind over which it receives and exercises variance power, the discretion to distribute or redistribute the commodity without the donor's prior consent in accordance with its mission and purpose.

As of September 30, 2022 and 2021, FH had approximately \$2,049,000 and \$2,179,000, respectively, of gifts-in-kind and government commodities that had not been distributed by FH Association, which is reflected as inventory and included in prepaid expenses and other assets on the consolidated statement of financial position.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

12. RETIREMENT PLAN:

FH Inc. has a defined contribution pension plan covering substantially all employees over 18 years of age. FH Inc. makes discretionary contributions based on a percentage of salary, and employees may make additional contributions. Vesting in FH Inc. contributions occurs immediately.

All full-time FH Association employees whose employment agreement is directed by the Switzerland charter (rather than a field office), who are non-US citizens/residents, who have attained the age of 21, and have completed one year of service are eligible to participate in a noncontributory defined contribution benefit plan. Vesting in employer paid contributions is based on years of service, which reaches 100% after 5 years of cumulative service in any FH Association field. Retirement benefit expense under the FH Inc. and FH Association plans amounted to approximately \$745,000 and \$634,000, for the years ended September 30, 2022 and 2021, respectively.

13. OPERATING LEASES:

As part of its exempt activities, FH has incurred certain obligations and commitments relating to office equipment and rental properties. Lease expense approximated \$2,059,000 and \$2,001,000 for the years ended September 30, 2022 and 2021, respectively. Future minimum payments required under non-cancelable operating leases are as follows:

<u>Year Ending September 30,</u>	
2023	\$ 1,318,071
2024	1,062,580
2025	851,981
2026	<u>746,343</u>
	<u>\$ 3,978,975</u>

14. LINE OF CREDIT:

FH has a line of credit with a financial institution in the amount of \$2,300,000, with a variable interest rate, effectively 6.25% and 3.75% as of September 30, 2022 and 2021, respectively, with principal and interest due upon maturity in August 2023. As of September 30, 2022 and 2021, there were no outstanding borrowings under this agreement.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2022

(with summarized comparative financial information for the year ended September 30, 2021)

15. CONTINGENCIES:

FH Association received food donations for monetization and direct distribution under Title II, Food Security from USAID to further charitable activities in Bolivia. The government of Bolivia has asserted that charities working under certain grants from 2002 forward were not covered by various bilateral agreements between the U.S. and Bolivia. Therefore, the government of Bolivia has claimed that significant import taxes are owed on food donations. FH is defending its position in Bolivia courts and believes the matter will be resolved without payment by FH. No provision for tax assessment has been made in the accompanying consolidated financial statements.

16. RELATED PARTY TRANSACTIONS:

In addition to the affiliated organization contributions disclosed in Note 2, FH paid approximately \$5,700 and \$8,000 to one board member for legal services rendered during the years ended September 30, 2022 and 2021, respectively. These services were not related to their duties as a board member.

17. SUBSEQUENT EVENTS:

Subsequent events were evaluated through February 13, 2023, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION**

Board of Directors
Food for the Hungry
Phoenix, Arizona

We have audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2022, and our report thereon dated February 13, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and they are not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

We have previously audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of, and for the year ended September 30, 2021, and our report dated February 10, 2022, expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein in the consolidating schedules of financial position and activities is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Capin Crouse LLP

Colorado Springs, Colorado
February 13, 2023

FOOD FOR THE HUNGRY

Consolidating Schedule of Financial Position

(with summarized comparative financial information for the year ended September 30, 2021)

	September 30,					
	2022					2021
	Food for the Hungry, Inc.	FH Association	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 1,963,490	\$ 17,969,938	\$ -	\$ -	\$ 19,933,428	\$ 32,605,735
Investments	6,461,944	-	-	-	6,461,944	7,098,091
Intercompany receivable	183,021	-	-	(183,021)	-	-
Grants and other receivables	1,421,810	3,020,981	-	(1,177,328)	3,265,463	2,020,198
Prepaid expenses and other assets	6,324,413	2,955,911	-	-	9,280,324	7,513,369
	<u>16,354,678</u>	<u>23,946,830</u>	<u>-</u>	<u>(1,360,349)</u>	<u>38,941,159</u>	<u>49,237,393</u>
Board-designated cash	9,900,000	-	-	-	9,900,000	9,900,000
Annuity assets and reinsurance contract	1,517,776	-	108,021	-	1,625,797	1,920,870
Other long-term assets	83,722	-	-	-	83,722	82,395
Investment in affiliate companies	3,436,338	-	-	-	3,436,338	3,436,338
Land, buildings, and equipment, at cost-net	2,105,181	1,007,495	-	-	3,112,676	3,088,759
Child Vocational Scholarship fund	1,465,589	-	-	-	1,465,589	1,834,010
Total Assets	<u>\$ 34,863,284</u>	<u>\$ 24,954,325</u>	<u>\$ 108,021</u>	<u>\$ (1,360,349)</u>	<u>\$ 58,565,281</u>	<u>\$ 69,499,765</u>
LIABILITIES AND NET ASSETS:						
Liabilities:						
Current liabilities:						
Accounts payable and accrued expenses	\$ 2,008,093	\$ 6,344,879	\$ -	\$ (189,841)	\$ 8,163,131	\$ 5,797,668
Intercompany payable	-	114,823	-	(114,823)	-	-
Grants payable	1,130,629	-	-	(1,130,629)	-	-
Deferred income	-	3,595,519	-	74,944	3,670,463	4,195,935
	<u>3,138,722</u>	<u>10,055,221</u>	<u>-</u>	<u>(1,360,349)</u>	<u>11,833,594</u>	<u>9,993,603</u>
Other long-term liabilities	-	3,985,121	-	-	3,985,121	3,501,872
Annuity obligations	561,674	-	-	-	561,674	581,863
Total liabilities	<u>3,700,396</u>	<u>14,040,342</u>	<u>-</u>	<u>(1,360,349)</u>	<u>16,380,389</u>	<u>14,077,338</u>
Net assets:						
Without donor restrictions:						
Undesignated-operating	8,269,807	1,097,942	108,021	-	9,475,770	20,924,173
Board-designated	9,900,000	-	-	-	9,900,000	9,900,000
Investment in affiliate companies	3,436,338	-	-	-	3,436,338	3,436,338
With donor restrictions	9,556,743	9,816,041	-	-	19,372,784	21,161,916
Total net assets	<u>31,162,888</u>	<u>10,913,983</u>	<u>108,021</u>	<u>-</u>	<u>42,184,892</u>	<u>55,422,427</u>
Total Liabilities and Net Assets	<u>\$ 34,863,284</u>	<u>\$ 24,954,325</u>	<u>\$ 108,021</u>	<u>\$ (1,360,349)</u>	<u>\$ 58,565,281</u>	<u>\$ 69,499,765</u>

FOOD FOR THE HUNGRY

Consolidating Schedule of Activities

(with summarized comparative financial information for the year ended September 30, 2021)

	Year Ended September 30,					2021
	2022					
	Food for the Hungry, Inc.	FH Association	Food for the Hungry Foundation, Inc.	Eliminations	Total	
NET ASSETS WITHOUT DONOR RESTRICTIONS:						
SUPPORT, REVENUE, AND OTHER:						
Cash contributions:						
National Organizations	\$ 24,605	\$ 469,401	\$ -	\$ (370,511)	\$ 123,495	\$ 318,792
Other	5,498,121	-	-	-	5,498,121	5,103,877
Investment income (loss)	(620,616)	3,576	(17,553)	-	(634,593)	4,443
Change in value of annuities	(274,884)	-	-	-	(274,884)	210,254
Gain on extinguishment of debt	-	-	-	-	-	3,244,718
Other income	21,499	248,807	-	-	270,306	411,114
Noncash support and revenue:						
Other donated commodities	9,354,661	9,640,917	-	(9,354,661)	9,640,917	8,183,779
Net assets released from restrictions	156,524,020	135,770,178	-	(112,910,168)	179,384,030	136,601,608
Total Support, Revenue, and Other	170,527,406	146,132,879	(17,553)	(122,635,340)	194,007,392	154,078,585
EXPENSES:						
Program ministries	138,323,295	145,961,025	-	(122,635,340)	161,648,980	121,905,489
Supporting services:						
Fundraising	32,980,052	-	-	-	32,980,052	16,487,574
General and administrative	10,293,273	-	-	-	10,293,273	8,670,684
	43,273,325	-	-	-	43,273,325	25,158,258
Total Expenses	181,596,620	145,961,025	-	(122,635,340)	204,922,305	147,063,747
Change in Net Assets Before Foreign Currency Translation	(11,069,214)	171,854	(17,553)	-	(10,914,913)	7,014,838
Foreign currency translation adjustments	-	(533,490)	-	-	(533,490)	10,733
Change in Net Assets Without Donor Restrictions	(11,069,214)	(361,636)	(17,553)	-	(11,448,403)	7,025,571
Net Assets Without Donor Restrictions, Beginning of Year	32,675,359	1,459,578	125,574	-	34,260,511	27,234,940
Net Assets Without Donor Restrictions, End of Year	\$ 21,606,145	\$ 1,097,942	\$ 108,021	\$ -	\$ 22,812,108	\$ 34,260,511

(continued)

FOOD FOR THE HUNGRY

Consolidating Schedule of Activities

(with summarized comparative financial information for the year ended September 30, 2021)
(continued)

	Year Ended September 30,					2021
	2022					
	Food for the Hungry, Inc.	FH Association	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
NET ASSETS WITH DONOR RESTRICTIONS:						
SUPPORT, REVENUE, AND OTHER:						
Cash contributions:						
National Organizations	\$ 341,010	\$ 41,033,898	\$ -	\$ (35,462,774)	\$ 5,912,134	\$ 4,886,364
Other governments	629,723	10,546,473	-	(629,724)	10,546,472	12,272,800
Child sponsorships	67,708,511	-	-	-	67,708,511	58,350,559
Other	8,997,612	2,828,452	-	-	11,826,064	12,601,121
U.S. government grants	48,256,221	45,084,950	-	(45,084,950)	48,256,221	37,685,286
Investment income (loss)	(265,953)	-	-	-	(265,953)	431,798
Noncash support and revenue:						
U.S. government commodities provided for distribution	31,725,170	31,732,720	-	(31,732,720)	31,725,170	10,543,907
Other donated commodities	-	1,886,279	-	-	1,886,279	832,721
Net assets released from restrictions	<u>(156,524,020)</u>	<u>(135,770,178)</u>	<u>-</u>	<u>112,910,168</u>	<u>(179,384,030)</u>	<u>(136,601,608)</u>
 Change in Net Assets With Donor Restrictions	 868,274	 (2,657,406)	 -	 -	 (1,789,132)	 1,002,948
 Net Assets With Donor Restrictions, Beginning of Year	 <u>8,688,469</u>	 <u>12,473,447</u>	 <u>-</u>	 <u>-</u>	 <u>21,161,916</u>	 <u>20,158,968</u>
 Net Assets With Donor Restrictions, End of Year	 <u><u>\$ 9,556,743</u></u>	 <u><u>\$ 9,816,041</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 19,372,784</u></u>	 <u><u>\$ 21,161,916</u></u>