



FOOD FOR THE HUNGRY

Consolidated Financial Statements  
With Independent Auditors' Report  
and  
Federal Awards  
In Accordance with the Uniform Guidance

Year Ended September 30, 2024

# FOOD FOR THE HUNGRY

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Food for the Hungry, Inc., FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc., which comprise the consolidated statement of financial position as of September 30, 2024, 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, Food for the Hungry UK, and Food for the Hungry Foundation, Inc. as of September 30, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, Food for the Hungry UK, and Food for the Hungry Foundation, Inc. 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 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, Food for the Hungry UK, 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,  
Food for the Hungry UK, 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 and *Government 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 and *Government 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, Food for the Hungry UK, 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'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,  
Food for the Hungry UK, 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, Food for the Hungry UK, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2023 and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 12, 2024. In our opinion, the summarized comparative information presented herein as of and from the year ended September 30, 2023 is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2025 on our consideration of Food for the Hungry, Inc., FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Food for the Hungry, Inc., FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food for the Hungry's internal control over financial reporting and compliance.

*Capin Crouse LLP*

Tempe, Arizona  
January 22, 2025

# FOOD FOR THE HUNGRY

## Consolidated Statement of Financial Position

(with summarized comparative financial information for the year ended September 30, 2023)

	September 30,	
	2024	2023
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 16,684,694	\$ 16,278,705
Investments	-	6,503,202
Grants and other receivables	2,740,296	2,665,076
Prepaid expenses and other assets	7,518,644	12,155,936
	26,943,634	37,602,919
Board-designated cash	2,794,100	9,900,000
Board-designated investments	7,105,900	-
Annuity assets and reinsurance contract	2,158,447	1,854,767
Other long-term assets	155,931	91,094
Investment in affiliate companies	3,323,498	3,436,338
Right-of-use assets—operating leases	6,814,723	2,770,508
Property held for sale	397,912	-
Land, buildings, and equipment, at cost—net	6,983,328	5,795,100
Investments in Child Vocational Scholarship Fund	1,596,135	1,601,171
	26,943,634	37,602,919
Total Assets	\$ 58,273,608	\$ 63,051,897
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,339,628	\$ 7,646,827
Deferred income	4,603,599	3,600,623
Operating lease obligations	2,157,121	1,543,273
	17,100,348	12,790,723
Operating lease obligations, net of current	5,339,730	1,172,983
Other long-term liabilities	4,899,992	3,925,738
Annuity obligations	556,806	568,473
Total liabilities	27,896,876	18,457,917
Net assets:		
Without donor restrictions:		
Undesignated—operating	5,686,020	16,321,867
Board-designated	9,900,000	9,900,000
Investment in affiliate companies	3,323,498	3,436,338
	18,909,518	29,658,205
With donor restrictions	11,467,214	14,935,775
Total net assets	30,376,732	44,593,980
Total Liabilities and Net Assets	\$ 58,273,608	\$ 63,051,897

See notes to consolidated financial statements

# FOOD FOR THE HUNGRY

## Consolidated Statement of Activities

(with summarized comparative financial information for the year ended September 30, 2023)

	Year Ended September 30,			2023
	2024		Total	
	Without Donor Restrictions	With Donor Restrictions		
<b>SUPPORT, REVENUE, AND OTHER:</b>				
Cash contributions:				
Non-U.S. National Organizations	\$ 329,247	\$ 5,285,924	\$ 5,615,171	\$ 5,730,523
Other governments	-	12,998,967	12,998,967	14,329,418
Child sponsorships	-	67,059,775	67,059,775	70,059,893
Other cash contributions	5,470,851	11,911,097	17,381,948	21,729,236
U.S. government grants	-	56,671,603	56,671,603	45,162,167
Investment income	1,376,453	76,156	1,452,609	977,963
Change in value of annuities	315,347	-	315,347	222,171
Other income	227,854	473,843	701,697	512,122
Noncash support and revenue:				
U.S. government commodities provided for distribution	-	38,942,565	38,942,565	18,503,423
Other donated commodities	7,126	2,254,053	2,261,179	11,251,146
Net assets released from restrictions	199,142,544	(199,142,544)	-	-
<b>Total Support, Revenue, and Other</b>	<b>206,869,422</b>	<b>(3,468,561)</b>	<b>203,400,861</b>	<b>188,478,062</b>
<b>EXPENSES:</b>				
Program ministries	174,968,438	-	174,968,438	149,282,229
Supporting services:				
Fundraising	27,870,412	-	27,870,412	24,262,873
General and administrative	15,024,499	-	15,024,499	12,575,939
	42,894,911	-	42,894,911	36,838,812
<b>Total Expenses</b>	<b>217,863,349</b>	<b>-</b>	<b>217,863,349</b>	<b>186,121,041</b>
Change in Net Assets Before				
Foreign Currency Translation	(10,993,927)	(3,468,561)	(14,462,488)	2,357,021
Foreign currency translation adjustments	245,240	-	245,240	52,067
Change in Net Assets	(10,748,687)	(3,468,561)	(14,217,248)	2,409,088
Net Assets, Beginning of Year	29,658,205	14,935,775	44,593,980	42,184,892
Net Assets, End of Year	<b>\$ 18,909,518</b>	<b>\$ 11,467,214</b>	<b>\$ 30,376,732</b>	<b>\$ 44,593,980</b>

See notes to consolidated financial statements

# FOOD FOR THE HUNGRY

## Consolidated Statement of Functional Expenses

Year Ended September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

	Program Ministries:			Supporting Services:			2024 Total	2023 Total
	Relief & Development	Child Sponsorship & Development	Public Awareness & Education	Total Program Ministries	Fundraising	General & Administrative		
Direct relief and contributed supplies and commodities	\$ 70,092,588	\$ 22,031,925	\$ 19,078	\$ 92,143,591	\$ 251,647	\$ 956,012	\$ 93,351,250	\$ 69,888,688
Salaries and benefits	34,238,154	17,970,496	1,055,814	53,264,464	4,290,592	7,552,068	65,107,124	62,475,664
Events, general information, and education	28,963	-	162,854	191,817	20,763,574	3,320	20,958,711	18,111,815
Travel	9,188,136	3,246,851	24,131	12,459,118	253,991	579,002	13,292,111	12,594,489
Professional services	2,071,863	873,217	162,413	3,107,493	1,413,857	2,031,414	6,552,764	5,449,994
Office	1,614,040	1,064,769	1,136	2,679,945	722,535	1,888,360	5,290,840	6,404,926
Occupancy	1,742,657	985,829	-	2,728,486	143,170	1,040,741	3,912,397	3,271,782
Grants to other organizations	3,534,375	-	-	3,534,375	-	-	3,534,375	5,048,788
Depreciation	32,992	483,485	-	516,477	-	677,777	1,194,254	604,319
Other	3,838,582	452,421	51,669	4,342,672	31,046	295,805	4,669,523	2,270,576
<b>Total Expenses</b>	<b>\$ 126,382,350</b>	<b>\$ 47,108,993</b>	<b>\$ 1,477,095</b>	<b>\$ 174,968,438</b>	<b>\$ 27,870,412</b>	<b>\$ 15,024,499</b>	<b>\$ 217,863,349</b>	<b>\$ 186,121,041</b>

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, 2023)

	Year Ended September 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (14,217,248)	\$ 2,409,088
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,194,254	604,319
Net realized and unrealized losses (gains) on investments	(281,024)	131,057
Loss on sale of investment in affiliate companies	63,490	-
Reinvested dividends and interest	(360,826)	(257,724)
Change in value of annuities	(315,347)	(222,171)
Foreign currency translation	(245,240)	(52,067)
Non-cash lease expense	736,380	(54,252)
Changes in operating assets and liabilities:		
Grant and other receivables	(75,220)	600,387
Prepaid expenses and other assets	4,572,455	(2,882,984)
Accounts payable, accrued expenses, and long-term liabilities	3,667,055	(575,687)
Deferred income	1,002,976	(69,840)
Net Cash Used by Operating Activities	(4,258,295)	(369,874)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of land, buildings, and equipment	(2,843,884)	(3,286,743)
Proceeds from sale of investments	157,029	(50,173)
Proceeds from annuity assets	61,309	59,968
Net Cash Used by Investing Activities	(2,625,546)	(3,276,948)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Annuity payments	(61,309)	(59,968)
Net Cash Used by Financing Activities	(61,309)	(59,968)
Effect of Exchange Rate Changes on Cash	245,240	52,067
Net Change in Cash, Cash Equivalents, and Board-Designated Cash	(6,699,910)	(3,654,723)
Cash, Cash Equivalents, and Board-Designated Cash, Beginning of Year	26,178,705	29,833,428
Cash, Cash Equivalents, and Board-Designated Cash, End of Year	\$ 19,478,795	\$ 26,178,705

(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, 2023)

(continued)

	Year Ended September 30,	
	2024	2023
CASH, CASH EQUIVALENTS, AND BOARD-DESIGNATED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 16,684,694	\$ 16,278,705
Board-designated cash	<u>2,794,100</u>	<u>9,900,000</u>
	<u>\$ 19,478,794</u>	<u>\$ 26,178,705</u>
SUPPLEMENTAL DISCLOSURE AND NON-CASH TRANSACTION:		
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 4,605,174</u>	<u>\$ 3,511,421</u>
Land, buildings, and equipment transferred to property held for sale	<u>\$ 397,912</u>	<u>\$ -</u>

See notes to consolidated financial statements

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 1. NATURE OF ORGANIZATION:

Food for the Hungry, Inc. (FH Inc.), FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc. (FHF) share a common board and management structure responsible to operate the four 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 (FASB) Accounting Standards Codification. 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. During the year ended September 30, 2023, FH Inc. established a branch office in the Philippines named "Food for the Hungry, Inc. Branch Office" (FH Philippines). FH Philippines is consolidated within FH Inc. in the consolidating schedules.

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 (which closed operations in December 2023), Uganda, and other countries with smaller field operations.

In January 2024, FH Inc. became the sole member of Food for the Hungry UK, which was previously a nonconsolidated affiliate organization. Food for the Hungry UK is a charity in the United Kingdom.

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 consolidated entity 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, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 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*

This program includes 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, primarily 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 Philippines, FH Association, Food for the Hungry UK, 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.

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 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, 2023, 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 (until January 2024 when Food for the Hungry UK became a consolidated entity), 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, 2024 and 2023, the support received from other affiliates was:

	<u>Grants-Cash Contributions</u>	<u>Donated Commodities</u>	<u>2024 Total</u>	<u>2023 Total</u>
Affiliated Organizations:				
Canada	\$ 4,339,278	\$ 2,254,053	\$ 6,593,331	\$ 6,166,024
Japan	368,638	-	368,638	413,343
United Kingdom	267,565	-	267,565	714,485
Korea	245,674	-	245,674	232,008
Switzerland	226,860	-	226,860	612,694
Korean American	167,156	-	167,156	66,435
	<u>\$ 5,615,171</u>	<u>\$ 2,254,053</u>	<u>\$ 7,869,224</u>	<u>\$ 8,204,989</u>

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### AFFILIATED ORGANIZATIONS, continued

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

	Grants-Cash Contributions 2024 Total	Grants-Cash Contributions 2023 Total
Switzerland	\$ 827,497	\$ 146,300

#### 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, 2024 and 2023, cash and cash equivalents (including board-designated cash) on deposit exceeded federally insured limits by approximately \$18,630,000 and \$25,042,000, respectively.

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, 2024 and 2023, approximately \$2,836,000 and \$2,956,000, 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 consist of mutual funds, exchange-traded funds, government bonds, and 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 value on the date of the gift and thereafter carried at fair value.

#### 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, 2024 and 2023, amounts due from government grants for expenditures incurred were \$1,475,901 and \$772,783, respectively, which is included in grants and other receivables on the consolidated statement of financial position. All such receivables are expected to be collected within one year and are expected to be fully collectable. Therefore, no allowance had been recorded as of September 30, 2024 and 2023. As of September 30, 2024 and 2023, there were no grants payable to other agencies.

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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, 2024 and 2023, FH directly owns approximately 7% 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 had one director in common through Spring 2023. FH accounts for its investment using the cost method. FH sold its shares in Opportunity Uganda Bank Limited during the year ended September 30, 2024. FH's interest in Opportunity Uganda Bank Limited as of September 30, 2023 was approximately 1%, which was also carried on the cost method.

As of September 30, 2024, FH's shares in Faulu Microfinance Bank were being actively marketed for sale. Management has evaluated the investment for impairment and concluded the investment was not impaired as of September 30, 2024 based on the amount for which management estimates to sell its shares.

#### OPERATING LEASES—RIGHT-OF-USE ASSETS AND OBLIGATIONS

Some of FH's contracts contain the right to control the use of property or assets and are therefore considered leases. FH records right-of-use assets and lease obligations on the statement of financial position for the rights and obligations created by leases with initial terms of more than twelve months. FH has elected to not separate lease and non-lease components.

#### PROPERTY HELD FOR SALE

Property held for sale is held at the lower of cost or fair market value less estimated selling costs at the time the property qualified to be held for sale. Management determined that the estimated net proceeds from the sale of the property would exceed its carrying value, so the property is held at its carrying value as of the date it qualified to be held for sale.

During the year ended September 30, 2024, FH entered into a contract for the sale of the property, and since the estimated proceeds expected to be received exceed the assets' carrying value, no impairment was recorded.

#### 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 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.

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

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, 2024, annuity assets totaled \$2,158,447 (\$58,757 was covered by reinsurance and \$2,099,690 was covered by other annuity assets) and annuity obligations totaled \$556,806 (\$58,757 were reinsured liabilities and \$498,049 were actuarial liabilities to annuitants). For the comparable period, as of September 30, 2023, annuity assets totaled \$1,854,767 and annuity liabilities totaled \$568,473.

#### OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist primarily of various retirement benefit and pension benefit obligations FH Association has with its employees. These benefits are required by local governments, and the specific terms and requirements vary from country to country. The total obligation related to these benefits as of September 30, 2024 and 2023 was \$6,999,989 and \$5,608,200, respectively. Of this total amount, \$2,099,997 and \$1,682,462 was estimated to be due within one year of September 30, 2024 and 2023, respectively and has therefore been included with accounts payable and accrued expenses in the current liabilities section of the consolidated statement of financial position.



# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

#### 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, 2024 and 2023.

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, 2024 and 2023, 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.

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND OTHER, continued

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.

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.

During the year ended September 30, 2024, FH received approximately 44% of total revenue from private contributions, 45% of total revenue from U.S. government grants, 1% from gifts-in-kind received through private donations, and 10% from all other sources. During the year ended September 30, 2023, FH received approximately 49% of total revenue from private contributions, 34% from U.S. government grants, 6% from gifts-in-kind received through private donations, and 11% 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.

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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 FASB 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 currency gain of \$245,240 and \$52,067 during the years ended September 30, 2024 and 2023, respectively, which is reported in the consolidated statement of activities as foreign currency translation adjustments.

### 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Fair values of investments measured on a recurring basis are:

	Fair Value Measurements as of September 30, 2024			September 30,
	Level 1	Level 2	Total	2023 Total
Investments held at fair value:				
Mutual funds	\$ 5,527,203	\$ -	\$ 5,527,203	\$ 4,903,447
Exchange-traded funds	335,527	-	335,527	263,850
Government bonds	-	1,445,884	1,445,884	2,733,386
	5,862,730	1,445,884	7,308,614	7,900,683
Investments held at cost:				
Cash and cash equivalents			3,493,111	1,999,700
Total Investments	\$ 5,862,730	\$ 1,445,884	10,801,725	9,900,383
Less long-term investments:				
Annuity assets held in investments			(2,099,690)	(1,796,010)
Child Vocational Scholarship Fund held as investments			(1,596,135)	(1,601,171)
Investments and board-designated investments			\$ 7,105,900	\$ 6,503,202

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

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 consists of:

	Year Ended September 30,	
	2024	2023
Interest and dividends related to:		
Cash and cash equivalents	\$ 810,759	\$ 851,296
Investments	360,826	257,724
Realized and unrealized losses on investments	281,024	(131,057)
	<u>\$ 1,452,609</u>	<u>\$ 977,963</u>

FH's endowment consists of one individual fund established for the provision of scholarships and is made up of investments of \$1,596,135 and \$1,601,171, as of September 30, 2024 and 2023, respectively. FH's board has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 SPMIFA. In accordance with SPMIFA, FH considers factors such as duration and preservation of the fund, general economic conditions, purposes of the fund, etc. in making a determination to appropriate or accumulate donor-restricted endowment funds.

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

4. ENDOWMENT FUNDS:

Endowment net asset composition by type of fund is:

	September 30, 2024			September 30, 2023 Total
	With Donor Restrictions	Restricted in Perpetuity	Total	
Donor-restricted endowment funds	\$ 1,096,135	\$ 500,000	\$ 1,596,135	\$ 1,601,171
Total endowment funds	\$ 1,096,135	\$ 500,000	\$ 1,596,135	\$ 1,601,171

Changes in endowment net assets consist of:

	Year Ended September 30, 2024			Year Ended September 30, 2023 Total
	With Donor Restrictions	Restricted in Perpetuity	Total	
Endowment net assets, beginning of year	\$ 1,101,171	\$ 500,000	\$ 1,601,171	\$ 1,465,589
Investment return:				
Interest and dividend income	76,847	-	76,847	43,608
Realized and unrealized gains (losses)	(691)	-	(691)	168,051
Total investment return	76,156	-	76,156	211,659
Appropriation of endowment assets for expenditure	(81,192)	-	(81,192)	(76,077)
Endowment net assets, end of year	\$ 1,096,135	\$ 500,000	\$ 1,596,135	\$ 1,601,171

*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 SPMIFA requires FH to retain as a fund of perpetual duration. There were no deficiencies as of September 30, 2024 and 2023.

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

#### 4. ENDOWMENT FUNDS, continued:

*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.

*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 up to 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. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

	September 30,	
	2024	2023
Prepaid expenses	\$ 5,987,018	\$ 8,031,016
Inventory	1,174,183	3,929,083
Security deposits	261,788	176,477
Cash surrender value of life insurance and 457(b) plan	155,931	91,094
Program advances	95,655	19,360
	<u>7,674,575</u>	<u>12,247,030</u>
Less long-term other assets	<u>(155,931)</u>	<u>(91,094)</u>
	<u>\$ 7,518,644</u>	<u>\$ 12,155,936</u>

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 6. 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, 2024 and 2023. 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,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 16,684,694	\$ 16,278,705
Investments	-	6,503,202
Grants and other receivables	2,740,296	2,665,076
Board-designated cash	2,794,100	9,900,000
Board-designated investments	7,105,900	-
Annuity assets and reinsurance contract	2,158,447	1,854,767
Other long-term assets	155,931	91,094
Investment in affiliate companies	3,323,498	3,436,338
Child Vocational Scholarship Fund	1,596,135	1,601,171
	36,559,001	42,330,353
Less those unavailable for general expenditures within one year, due to:		
Reinsured annuity assets	(58,757)	(58,757)
State required reserves	(630,935)	(643,062)
Cash surrender value of life insurance and 457(b) plan	(155,931)	(91,094)
Investment in affiliate companies	(3,323,498)	(3,436,338)
Board-designated cash	(2,794,100)	(9,900,000)
Board-designated investments	(7,105,900)	-
Assets held for endowment fund not expected to be distributed	(1,516,328)	(1,521,112)
	\$ 20,973,552	\$ 26,679,990

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 and short-term investments. 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 donors provide funds to FH in advance of the need to expend the funds which provides a significant short-term liquidity benefit. FH anticipates that substantially all net assets with donor restrictions as of September 30, 2024 will be utilized within one year except for the endowment funds restricted in perpetuity and related earnings not expected to be appropriated which have been backed out in the table above.

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

7. INVESTMENT IN AFFILIATE COMPANIES:

Investment in affiliate companies consist of:

	September 30,	
	2024	2023
Investment in Faulu Kenya–cost method	\$ 3,323,498	\$ 3,323,498
Investment in Opportunity Bank Uganda Limited–cost method	-	112,840
	\$ 3,323,498	\$ 3,436,338

8. LAND, BUILDINGS, AND EQUIPMENT–NET:

Land, buildings, and equipment–net consist of:

	September 30,	
	2024	2023
Land	\$ 1,123,624	\$ 1,270,730
Buildings and improvements	1,893,983	1,945,207
Furniture and fixtures	1,538,013	354,207
Office equipment	674,933	663,588
Computer equipment	1,660,620	1,660,620
Computer software	3,847,265	3,847,265
Vehicles	5,035,399	4,567,572
	15,773,837	14,309,189
Less accumulated depreciation	(8,790,509)	(8,514,089)
	\$ 6,983,328	\$ 5,795,100

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. As of September 30, 2024, total equipment held in foreign countries was \$5,573,105 and accumulated depreciation was \$4,067,761. As of September 30, 2023, total equipment held in foreign countries was \$5,093,933 and accumulated depreciation was \$3,851,113.



# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

9. OPERATING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

FH leases office space and equipment under numerous noncancellable operating leases that expire between 2024 and 2029. Two significant office leases have options to extend the lease for five additional years. These extensions have not been recognized by FH due to the uncertainty of whether FH will exercise such options. The discount rate represents the risk-free discount rate using a period comparable with that of an individual lease term on the later of October 1, 2022 or the inception date of the lease. The leases require monthly payments ranging from approximately \$100 to \$100,000.

	September 30,	
	2024	2023
Operating lease right-of-use assets	\$ 6,814,723	\$ 2,770,508
Operating lease obligations	\$ 7,496,851	\$ 2,716,256
Operating lease costs	\$ 2,624,577	\$ 1,683,805
Short-term lease costs	\$ 293,227	\$ 490,920
Weighted-average discount rate	3.71%	4.40%
Weighted-average remaining lease term	3.66 years	2.13 years

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending September 30,	
2025	\$ 2,157,121
2026	1,917,646
2027	1,389,046
2028	1,329,925
2029	1,308,733
	8,102,471
Less imputed interest	(605,620)
	\$ 7,496,851

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 10. NET ASSETS:

Net assets without donor restrictions consist of:

	September 30,	
	2024	2023
Undesignated—operating	\$ 5,686,020	\$ 16,321,867
Board-designated:		
Strategic operational reserve	6,000,000	6,000,000
Phoenix building	3,900,000	3,900,000
Investment in affiliate companies	3,323,498	3,436,338
	\$ 18,909,518	\$ 29,658,205

Net assets with donor restrictions consist of:

	September 30,	
	2024	2023
Restricted by purpose or time:		
Relief efforts and international projects	\$ 7,236,189	\$ 7,249,299
Child sponsorship	1,882,539	5,444,791
Child Vocational Scholarship Fund	1,096,135	1,101,171
Other	752,351	640,514
	10,967,214	14,435,775
Restricted in perpetuity:		
Endowment net assets	500,000	500,000
	\$ 11,467,214	\$ 14,935,775

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 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,	
	2024	2023
United States Agency for International Development (USAID):		
Wheat	\$ 23,275,637	\$ 13,113,744
Maize	5,836,724	-
Yellow split peas	4,726,039	2,600,225
Vegetable oil	4,486,445	2,306,196
Sorghum	617,720	-
Harvest lentil pro	-	483,258
	38,942,565	18,503,423
For-Profit Corporations:		
Deworming and other	7,126	1,738,081
Non-Profit Organizations:		
Deworming	1,399,339	2,555,195
Dehydrated vegetable soup mix	854,714	874,466
Vitamins	-	3,081,257
Personal and baby care kits	-	1,547,732
School kits	-	974,992
Quilts	-	274,081
Wheelchairs	-	205,342
	2,254,053	9,513,065
	\$ 41,203,744	\$ 29,754,569

# FOOD FOR THE HUNGRY

## Notes to Consolidated Financial Statements

September 30, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 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 and other miscellaneous items 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, 2024 and 2023, FH received commodities from FH Canada in the amount of \$2,254,053 and \$2,474,466, 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 is included within direct relief and development expenses within the consolidated statement of functional expenses. FH only records the value of the gifts-in-kind over which it receives and exercises variance power, that is, 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, 2024 and 2023, FH had approximately \$1,174,000 and \$3,929,000, 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, 2024

(with summarized comparative financial information for the year ended September 30, 2023)

### 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 not directed by a field office, who are non-US citizens/residents, who have attained the age of 21, and who 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 \$935,000 and \$987,000, for the years ended September 30, 2024 and 2023, respectively.

### 13. 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.

FH is occasionally a party to legal proceedings, including private, civil litigations and regulatory investigations, arising from the ordinary conduct of its regular business activities. Most commonly, such proceedings relate to disputes, either with foreign national employees or local governments, regarding specific aspects of FH's operations in foreign countries. These legal proceedings are at varying stages of investigation and may consist of a variety of claims, and the ultimate resolution of any proceedings is uncertain and inherently difficult to predict. It is possible that the ultimate resolution of these matters, if unfavorable, could be material to the consolidated financial statements.

### 14. SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 22, 2025, 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, Inc., FH Association,  
Food for the Hungry UK, and Food for the  
Hungry Foundation, Inc.  
Phoenix, Arizona

We have audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2024, and our report thereon dated January 22, 2025, 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, 2023, and our report dated February 12, 2024, 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*

Tempe, Arizona  
January 22, 2025

# FOOD FOR THE HUNGRY

## Consolidating Schedule of Financial Position

(with summarized comparative financial information for the year ended September 30, 2023)

	September 30,						2023
	2024						
	Food for the Hungry, Inc.	FH Association	Food for the Hungry UK	Food for the Hungry Foundation, Inc.	Eliminations	Total	
<b>ASSETS:</b>							
Current assets:							
Cash and cash equivalents	\$ 2,122,069	\$ 14,434,613	\$ 128,012	\$ -	\$ -	\$ 16,684,694	\$ 16,278,705
Investments	-	-	-	-	-	-	6,503,202
Intercompany receivable	263,603	-	-	-	(263,603)	-	-
Grants and other receivables	1,475,901	2,369,252	11,825	-	(1,116,682)	2,740,296	2,665,076
Prepaid expenses and other assets	5,762,472	1,756,172	-	-	-	7,518,644	12,155,936
	9,624,045	18,560,037	139,837	-	(1,380,285)	26,943,634	37,602,919
Board-designated cash	2,794,100	-	-	-	-	2,794,100	9,900,000
Board-designated investments	7,105,900	-	-	-	-	7,105,900	-
Annuity assets and reinsurance contract	2,033,248	-	-	125,199	-	2,158,447	1,854,767
Other long-term assets	155,931	-	-	-	-	155,931	91,094
Investment in affiliate companies	3,323,498	-	-	-	-	3,323,498	3,436,338
Right-of-use assets—operating leases	5,200,906	1,613,817	-	-	-	6,814,723	2,770,508
Property held for sale	397,912	-	-	-	-	397,912	-
Land, buildings, and equipment, at cost—net	5,610,493	1,372,835	-	-	-	6,983,328	5,795,100
Investments in Child Vocational Scholarship fund	1,596,135	-	-	-	-	1,596,135	1,601,171
	9,624,045	18,560,037	139,837	-	(1,380,285)	26,943,634	37,602,919
Total Assets	\$ 37,842,168	\$ 21,546,689	\$ 139,837	\$ 125,199	\$ (1,380,285)	\$ 58,273,608	\$ 63,051,897

(continued)



# FOOD FOR THE HUNGRY

## Consolidating Schedule of Financial Position

(with summarized comparative financial information for the year ended September 30, 2023)

(continued)

	September 30,						2023
	2024						
	Food for the Hungry, Inc.	FH Association	Food for the Hungry UK	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
<b>LIABILITIES AND NET ASSETS:</b>							
Liabilities:							
Current liabilities:							
Accounts payable and accrued expenses	\$ 5,854,774	\$ 5,472,643	\$ 4,898	\$ -	\$ (992,687)	\$ 10,339,628	\$ 7,646,827
Intercompany payable	-	387,598	-	-	(387,598)	-	-
Deferred income	1,672,178	2,931,421	-	-	-	4,603,599	3,600,623
Operating lease obligations	1,203,981	953,140	-	-	-	2,157,121	1,543,273
	<u>8,730,933</u>	<u>9,744,802</u>	<u>4,898</u>	<u>-</u>	<u>(1,380,285)</u>	<u>17,100,348</u>	<u>12,790,723</u>
Operating lease obligations, net of current	4,766,845	572,885	-	-	-	5,339,730	1,172,983
Other long-term liabilities	-	4,899,992	-	-	-	4,899,992	3,925,738
Annuity obligations	556,806	-	-	-	-	556,806	568,473
Total liabilities	<u>14,054,584</u>	<u>15,217,679</u>	<u>4,898</u>	<u>-</u>	<u>(1,380,285)</u>	<u>27,896,876</u>	<u>18,457,917</u>
Net assets:							
Without donor restrictions:							
Undesignated-operating	3,740,519	1,788,196	32,106	125,199	-	5,686,020	16,321,867
Board-designated	9,900,000	-	-	-	-	9,900,000	9,900,000
Investment in affiliate companies	3,323,498	-	-	-	-	3,323,498	3,436,338
With donor restrictions	6,823,567	4,540,814	102,833	-	-	11,467,214	14,935,775
Total net assets	<u>23,787,584</u>	<u>6,329,010</u>	<u>134,939</u>	<u>125,199</u>	<u>-</u>	<u>30,376,732</u>	<u>44,593,980</u>
Total Liabilities and Net Assets	<u>\$ 37,842,168</u>	<u>\$ 21,546,689</u>	<u>\$ 139,837</u>	<u>\$ 125,199</u>	<u>\$ (1,380,285)</u>	<u>\$ 58,273,608</u>	<u>\$ 63,051,897</u>

# FOOD FOR THE HUNGRY

## Consolidating Schedule of Activities

(with summarized comparative financial information for the year ended September 30, 2023)

	Year Ended September 30,						2023
	2024						
	Food for the Hungry, Inc.	FH Association	Food for the Hungry UK	Food for the Hungry Foundation, Inc.	Eliminations	Total	
NET ASSETS WITHOUT DONOR RESTRICTIONS:							
SUPPORT, REVENUE, AND OTHER:							
Cash contributions:							
Non-U.S. National Organizations	\$ 329,246	\$ 329,246	\$ -	\$ -	\$ (329,245)	\$ 329,247	\$ 320,494
Other cash contributions	5,437,090	-	33,761	-	-	5,470,851	9,733,586
Investment income	1,357,557	405,668	4,192	5,807	(396,771)	1,376,453	766,304
Change in value of annuities	315,347	-	-	-	-	315,347	222,171
Other income (loss)	588,360	(387,594)	27,088	-	-	227,854	512,122
Noncash support and revenue:							
Other donated commodities	-	7,126	-	-	-	7,126	8,776,680
Net assets released from restrictions	175,696,411	154,172,558	605,135	-	(131,331,560)	199,142,544	172,583,714
<b>Total Support, Revenue, and Other</b>	<b>183,724,011</b>	<b>154,527,004</b>	<b>670,176</b>	<b>5,807</b>	<b>(132,057,576)</b>	<b>206,869,422</b>	<b>192,915,071</b>
EXPENSES:							
Program ministries	149,140,968	157,279,911	605,135	-	(132,057,576)	174,968,438	149,282,229
Supporting services:							
Fundraising	27,870,412	-	-	-	-	27,870,412	24,262,873
General and administrative	14,991,414	-	32,935	150	-	15,024,499	12,575,939
	42,861,826	-	32,935	150	-	42,894,911	36,838,812
<b>Total Expenses</b>	<b>192,002,794</b>	<b>157,279,911</b>	<b>638,070</b>	<b>150</b>	<b>(132,057,576)</b>	<b>217,863,349</b>	<b>186,121,041</b>

(continued)

# FOOD FOR THE HUNGRY

## Consolidating Schedule of Activities

(with summarized comparative financial information for the year ended September 30, 2023)

(continued)

	Year Ended September 30,						2023
	2024						
	Food for the Hungry, Inc.	FH Association	Food for the Hungry UK	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
Change in Net Assets Before Foreign Currency Translation	\$ (8,278,783)	\$ (2,752,907)	\$ 32,106	\$ 5,657	\$ -	\$ (10,993,927)	\$ 6,794,030
Foreign currency translation adjustments	3,371	241,869	-	-	-	245,240	52,067
Change in Net Assets Without Donor Restrictions	(8,275,412)	(2,511,038)	32,106	5,657	-	(10,748,687)	6,846,097
Net Assets Without Donor Restrictions, Beginning of Year	25,239,429	4,299,234	-	119,542	-	29,658,205	22,812,108
Net Assets Without Donor Restrictions, End of Year	<u>\$ 16,964,017</u>	<u>\$ 1,788,196</u>	<u>\$ 32,106</u>	<u>\$ 125,199</u>	<u>\$ -</u>	<u>\$ 18,909,518</u>	<u>\$ 29,658,205</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>							
<b>SUPPORT, REVENUE, AND OTHER:</b>							
Cash contributions:							
Non-U.S. National Organizations	\$ 46,866	\$ 44,607,976	\$ -	\$ -	\$ (39,368,918)	\$ 5,285,924	\$ 5,410,029
Other governments	752,563	13,064,269	-	-	(817,865)	12,998,967	14,329,418
Child sponsorships	67,014,158	-	45,617	-	-	67,059,775	70,059,893
Other cash contributions	9,929,457	1,991,056	188,508	-	(197,924)	11,911,097	11,995,650
U.S. government grants	56,699,813	51,882,562	-	-	(51,910,772)	56,671,603	45,162,167
Investment income	76,156	-	-	-	-	76,156	211,659
Other income	-	-	473,843	-	-	473,843	-
Noncash support and revenue:							
U.S. government commodities provided for distribution	38,942,565	39,036,081	-	-	(39,036,081)	38,942,565	18,503,423
Other donated commodities	-	2,254,053	-	-	-	2,254,053	2,474,466
Net assets released from	(175,696,411)	(154,172,558)	(605,135)	-	131,331,560	(199,142,544)	(172,583,714)
Change in Net Assets With Donor Restrictions	(2,234,833)	(1,336,561)	102,833	-	-	(3,468,561)	(4,437,009)
Net Assets With Donor Restrictions, Beginning of Year	9,058,400	5,877,375	-	-	-	14,935,775	19,372,784
Net Assets With Donor Restrictions, End of Year	<u>\$ 6,823,567</u>	<u>\$ 4,540,814</u>	<u>\$ 102,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,467,214</u>	<u>\$ 14,935,775</u>

## **FEDERAL AWARDS**

**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTAL INFORMATION**

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

We have audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2024, and our report thereon dated January 22, 2025, 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 accompanying schedule of expenditures of federal awards on pages 34 - 37, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. The Food for the Hungry, Inc. Schedule of Functional Expenses on page 46 is also presented for the purpose of additional analysis as required by the United States Agency for International Development and is 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 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.

*Capin Crouse LLP*

Tempe, Arizona  
January 22, 2025

# FOOD FOR THE HUNGRY

## Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT:					
Foreign Assistance for Programs Overseas:	98.001				
<i>Direct Award</i>					
Ethiopia BG IDP Emergency Response		720BHA21GR00135		\$ -	\$ 205,048
<i>Pass Through From Other Entities</i>					
Youth Led Activity pass through from Entrena, S.R.L.		006	72051723-CA-00001	-	209,379
Total Foreign Assistance for Programs Overseas				-	414,427
Food for Peace Cluster*:					
Freight Reimbursement:					
Food for Peace Development Assistance Program:	98.007				
<i>Direct Awards</i>					
PL 480 Title II Overseas Freight		720BHA21CA00033		-	4,394,253
Food for Peace Emergency Program:	98.008				
<i>Pass Through From Other Entities</i>					
PL 480 Title II Freight pass through from Catholic Relief Services		720BHA22CA00041	ET.22.SUBAGR.2068 7.17651.01.00	-	14,431,281
Total Freight Reimbursement				-	18,825,534

(continued)

See notes to schedule of expenditures of federal awards

# FOOD FOR THE HUNGRY

## Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, continued:					
Food for Peace Cluster*, continued:					
Section 202 (e) Cash Grants:					
Food for Peace Development Assistance Program:	98.007				
<i>Direct Awards</i>					
Ethiopia RFSA PReSERVE		720BHA21CA00033		2,601,472	16,528,382
Food for Peace Emergency Program:	98.008				
<i>Direct Awards</i>					
Guatemala IFRP 2023		720BHA22FA00022		-	34,187
<i>Pass Through From Other Entities</i>					
Ethiopia JEOP Grant pass through from Catholic Relief Services		720BHA22CA00041	ET.22.SUBAGR.2068 7.17651.01.00	-	7,583,523
Ethiopia JEOP IDA Grant pass through from Catholic Relief Services		720BHA22CA00003	ET.23.SUBAGR.2071 2. 17651.01.00	-	13,313,404
Total Section 202 (e) Grants				2,601,472	37,459,496

(continued)

See notes to schedule of expenditures of federal awards

# FOOD FOR THE HUNGRY

## Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, continued:					
Food for Peace Cluster*, continued:					
Title II Commodities Distributed:					
Commodities donated for distribution:					
Food for Peace Development Assistance Program:	98.007				
<i>Direct Awards</i>					
Ethiopia RFSA PReSERVE		720BHA21CA00033		-	7,889,930
Food for Peace Emergency Program:	98.008				
<i>Pass Through From Other Entities</i>					
Ethiopia JEOP Grant pass through from Catholic Relief Services		720BHA22CA00041	ET.22.SUBAGR.2068 7.17651.01.00	-	24,598,054
Ethiopia JEOP Grant pass through from Catholic Relief Services		720BHA22CA00003	ET.23.SUBAGR.2071 2. 17651.01.00	-	6,454,581
Total Title II Commodities Distributed				-	38,942,565

(continued)

See notes to schedule of expenditures of federal awards



# FOOD FOR THE HUNGRY

## Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, continued:					
Total Food for Peace Development Assistance Program	98.007			2,601,472	28,812,565
Total Food For Peace Emergency Program	98.008			-	66,415,030
Total Food for Peace Cluster*				2,601,472	95,227,595
Total United States Agency for International Development				2,601,472	95,642,022
Total Expenditures of Federal Awards				\$ 2,601,472	\$ 95,642,022

\*Major Program

See notes to schedule of expenditures of federal awards

# FOOD FOR THE HUNGRY

## Notes to Schedule of Expenditures of Federal Awards

September 30, 2024

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Food for the Hungry, Inc., FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc. (Organization) under programs of the federal government for the year ended September 30, 2024. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements. Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. If the Organization is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. INDIRECT COST RATE:

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO CONSOLIDATED FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards reconciles to the revenue in the consolidated statement of activities as follows:

Total expenditures of federal awards	\$ 95,642,022
Less:	
Other Reconciling Items	<u>(27,854)</u>
U.S. government grants and noncash commodities provided for distribution revenue in the consolidated financial statements	<u><u>\$ 95,614,168</u></u>

4. SUBRECIPIENTS, NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

The Organization did not receive any federal insurance, loans, or loan guarantees.

**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Food for the Hungry, Inc., FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc. (Organization), which comprise the consolidated statement of financial position as of September 30, 2024, and 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, and have issued our report thereon dated January 22, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Capin Crouse LLP*

Tempe, Arizona  
January 22, 2025

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

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

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

***Opinion on Each Major Federal Program***

We have audited Food for the Hungry, Inc., FH Association, Food for the Hungry UK, and Food for the Hungry Foundation, Inc.'s (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Food for the Hungry complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Capin Crouse LLP*

Tempe, Arizona  
January 22, 2025

# FOOD FOR THE HUNGRY

## Schedule of Findings and Questioned Costs

September 30, 2024

### Section I - Summary of Audit Results

#### Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered a material weakness?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered a material weakness?  yes  none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)?  yes  no

Identification of major program(s):

Assistance Listing Numbers  
98.007 and 98.008

Name of Federal Program or Cluster  
Food for Peace Cluster

Dollar threshold used to distinguish between type A and type B programs: \$2,869,261

Auditee qualified as low-risk auditee?  yes  no



# **FOOD FOR THE HUNGRY**

## **Schedule of Findings and Questioned Costs**

September 30, 2024

### Section II - Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards*.

### Section III - Federal Award Findings and Questioned Costs

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

# FOOD FOR THE HUNGRY, INC.

## Schedule of Functional Expenses

Year Ended September 30, 2024

	Support Services			Total
	Program Ministries	Fundraising	General and Administrative	
Grants to other organizations	\$ 932,903	\$ -	\$ -	\$ 932,903
Direct relief and development projects	130,459,091	-	-	130,459,091
Salaries and benefits	13,691,565	4,290,591	7,552,068	25,534,224
Events, general information, and education	191,182	20,763,574	3,320	20,958,076
Office expense	387,874	974,182	2,844,372	4,206,428
Travel	1,102,954	253,991	579,002	1,935,947
Occupancy	379,029	143,170	1,040,741	1,562,940
Professional services	1,412,306	1,413,857	2,031,414	4,857,577
Depreciation	19,800	-	692,060	711,860
Other expenses	564,264	31,047	248,437	843,748
	<u>\$ 149,140,968</u>	<u>\$ 27,870,412</u>	<u>\$ 14,991,414</u>	<u>\$ 192,002,794</u>

# **FOOD FOR THE HUNGRY**

## **AUDITEE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

September 30, 2024

### Financial Statement Findings

There were no prior audit findings in internal control over financial reporting.

### Federal Award Findings

There were no prior audit findings or questioned costs.