



**FOOD FOR
THE HUNGRY**

FOOD FOR THE HUNGRY

Consolidated Financial Statements
With Report of Independent
Certified Public Accountants

Year Ended September 30, 2025

FOOD FOR THE HUNGRY

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Food for the Hungry

Opinion

We have audited the consolidated financial statements of Food for the Hungry (FH) which comprise the consolidated statement of financial position as of September 30, 2025 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of FH as of September 30, 2025, and the changes in net assets and 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FH 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 financial statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FH ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditor's responsibilities for the audit of the 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 auditor's 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 US GAAS 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 US GAAS, 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 FH 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 FH 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.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities as of and for the year ended September 30, 2025, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the

accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other matter

The consolidated financial statements of FH as of September 30, 2024 and for the year then ended were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated January 22, 2025. Those auditors' report also stated that the supplementary information as listed in the table of contents as of and for the year ended September 30, 2024 was fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

In our opinion, the accompanying summarized comparative information as of and for the year ended September 30, 2024 is consistent, in all material respects, with the audited financial statements from those auditors from which it has been derived.

Grant Thornton LLP

Los Angeles, California
February 3, 2026

FOOD FOR THE HUNGRY

Consolidated Statement of Financial Position

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	September 30,	
	2025	2024
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 12,874,655	\$ 16,684,694
Grants and other receivables	6,671,943	2,740,296
Prepaid expenses and other assets	5,533,205	7,518,644
Total current assets	25,079,803	26,943,634
Board-designated cash	2,564,214	2,794,100
Board-designated investments	7,335,786	7,105,900
Annuity assets and reinsurance contract	2,395,622	2,158,447
Other long-term assets	167,717	155,931
Investment in affiliate companies	3,323,498	3,323,498
Right-of-use assets—operating leases	6,308,499	6,814,723
Property held for sale	-	397,912
Land, buildings, and equipment, at cost—net	6,098,232	6,983,328
Investments in Child Vocational Scholarship fund	1,573,367	1,596,135
Total Assets	\$ 54,846,738	\$ 58,273,608
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,353,541	\$ 10,339,628
Deferred income	3,497,499	4,603,599
Operating lease obligations	2,388,431	2,157,121
Total current liabilities	16,239,471	17,100,348
Operating lease obligations, net of current	4,523,233	5,339,730
Other long-term liabilities	4,369,892	4,899,992
Annuity obligations	556,806	556,806
Total liabilities	25,689,402	27,896,876
Net assets:		
Without donor restrictions:		
Working capital—operating	3,446,294	5,686,020
Board-designated	9,900,000	9,900,000
Investment in affiliate companies	3,323,498	3,323,498
	16,669,792	18,909,518
With donor restrictions	12,487,544	11,467,214
	29,157,336	30,376,732
Total net assets	29,157,336	30,376,732
Total Liabilities and Net Assets	\$ 54,846,738	\$ 58,273,608

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Activities

For the Year Ended September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	Year Ended September 30,			2024
	2025		Total	
	Without Donor Restrictions	With Donor Restrictions		
SUPPORT, REVENUE, AND OTHER:				
Cash contributions:				
Non-U.S. National Organizations	\$ 354,099	\$ 4,006,588	\$ 4,360,687	\$ 5,615,171
Other governments	-	6,335,597	6,335,597	12,998,967
Child sponsorships	-	66,401,818	66,401,818	67,059,775
Other cash contributions	4,604,232	9,824,117	14,428,349	17,381,948
U.S. government grants	-	49,175,685	49,175,685	56,671,603
Investment income	961,513	53,852	1,015,365	1,452,609
Change in value of annuities	250,463	-	250,463	315,347
Other income	788,954	-	788,954	701,697
Noncash support and revenue:				
U.S. government commodities provided for distribution	-	25,137,713	25,137,713	38,942,565
Other donated commodities	-	-	-	2,261,179
Net assets released from restrictions	159,915,040	(159,915,040)	-	-
Total Support, Revenue, and Other	166,874,301	1,020,330	167,894,631	203,400,861
EXPENSES:				
Program ministries	131,268,099	-	131,268,099	174,968,438
Supporting services:				
Fundraising	25,149,504	-	25,149,504	27,870,412
General and administrative	13,713,260	-	13,713,260	15,024,499
	38,862,764	-	38,862,764	42,894,911
Total Expenses	170,130,863	-	170,130,863	217,863,349
Change in Net Assets Before Foreign Currency Translation	(3,256,562)	1,020,330	(2,236,232)	(14,462,488)
Foreign currency translation adjustments	1,016,836	-	1,016,836	245,240
Change in Net Assets	(2,239,726)	1,020,330	(1,219,396)	(14,217,248)
Net Assets Beginning of Year	18,909,518	11,467,214	30,376,732	44,593,980
Net Assets End of Year	\$ 16,669,792	\$ 12,487,544	\$ 29,157,336	\$ 30,376,732

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Functional Expenses

Year Ended September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	Program Ministries:			Supporting Services:			2025 Total	2024 Total
	Relief & Development	Child Sponsorship & Development	Public Awareness & Education	Total Program Ministries	Fundraising	General & Administrative		
Direct relief and contributed supplies and commodities	\$ 47,994,672	\$ 14,532,647	\$ 617	\$ 62,527,936	\$ 6,492	\$ 99,329	\$ 62,633,757	\$ 93,351,250
Salaries and benefits	27,674,830	15,358,785	855,646	43,889,261	4,722,879	5,629,254	54,241,394	65,107,124
Events, general information, and education	98,607	-	139,551	238,158	17,456,265	150	17,694,573	20,958,711
Travel	5,915,310	3,409,197	31,772	9,356,279	485,314	460,721	10,302,314	13,292,111
Professional services	2,361,616	1,118,747	153,524	3,633,887	1,607,973	1,993,179	7,235,039	6,552,764
Office	1,224,805	971,473	2,018	2,198,296	409,369	2,007,883	4,615,548	5,290,840
Occupancy	1,576,445	911,376	-	2,487,821	91,327	1,223,702	3,802,850	3,912,397
Grants to other organizations	3,490,232	121,149	-	3,611,381	-	-	3,611,381	3,534,375
Depreciation	26,871	461,157	-	488,028	-	833,915	1,321,943	1,194,254
Other	1,427,983	1,170,335	238,734	2,837,052	369,885	1,465,127	4,672,064	4,669,523
Total Expenses	\$ 91,791,371	\$ 38,054,866	\$ 1,421,862	\$131,268,099	\$ 25,149,504	\$ 13,713,260	\$170,130,863	\$217,863,349

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Cash Flows

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	Year Ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,219,396)	\$ (14,217,248)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,321,944	1,194,254
Net realized and unrealized losses (gains) on investments	24,354	(281,024)
Gain on fixed asset disposals	(480,931)	-
Loss on sale of investment in affiliate companies	-	63,490
Reinvested dividends and interest	-	(360,826)
Change in value of annuities	(250,463)	(315,347)
Foreign currency translation	(1,016,836)	(245,240)
Changes in operating assets and liabilities:		
Grant and other receivables	(3,931,647)	(75,220)
Prepaid expenses and other assets	1,985,439	4,572,455
Operating lease right of use assets and liabilities	(78,963)	736,380
Other assets	(11,786)	-
Accounts payable, accrued expenses, and long-term liabilities	13,913	3,667,055
Deferred income	(1,106,100)	1,002,976
Other liability	(530,100)	-
Net Cash Used by Operating Activities	(5,280,572)	(4,258,295)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(1,999,140)	(2,843,884)
Proceeds from sale of fixed assets	2,441,134	-
Proceeds from annuity assets	-	61,309
Purchases of investments	(299,620)	-
Proceeds from sale of investments	81,436	157,029
Net Cash Provided by (Used by) Investing Activities	223,810	(2,625,546)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Annuity payments	-	(61,309)
Net Cash Used by Financing Activities	-	(61,309)
Effect of Exchange Rate Changes on Cash	1,016,836	245,240
Net Change in Cash, Cash Equivalents, and Board-Designated Cash	(4,039,926)	(6,699,910)
Cash, Cash Equivalents, and Board-Designated Cash, Beginning of Year	19,478,795	26,178,705
Cash, Cash Equivalents, and Board-Designated Cash, End of Year	\$ 15,438,869	\$ 19,478,795

(continued)

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Cash Flows

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	Year Ended September 30,	
	2025	2024
CASH, CASH EQUIVALENTS, AND BOARD-DESIGNATED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 12,874,655	\$ 16,684,694
Board-designated cash	2,564,214	2,794,100
	<u>\$ 15,438,869</u>	<u>\$ 19,478,794</u>
SUPPLEMENTAL DISCLOSURE AND NON-CASH TRANSACTION:		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 217,268	\$ 4,605,174
Land, buildings and equipment transferred to property held for sale	\$ -	\$ 397,912

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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 (which closed operations in February 2025), 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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

1. NATURE OF ORGANIZATION, continued:

Programs

Food for the Hungry is a Christian humanitarian aid and global development organization that designs, develops and delivers solutions for more than 50 years so that children, families and communities can flourish.

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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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, 2024, 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, 2025 and 2024, the support received from other affiliates was:

	<u>Grants-Cash Contributions</u>	<u>Donated Commodities</u>	<u>2025 Total</u>	<u>2024 Total</u>
Affiliated Organizations:				
Canada	\$ 3,343,699	\$ -	\$ 3,343,699	\$ 6,593,331
Japan	364,721	-	364,721	368,638
United Kingdom	52,961	-	52,961	267,565
Korea	72,400	-	72,400	245,674
Switzerland	345,564	-	345,564	226,860
Korean American	181,342	-	181,342	167,156
	<u>\$ 4,360,687</u>	<u>\$ -</u>	<u>\$ 4,360,687</u>	<u>\$ 7,869,224</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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:

	<u>Grants-Cash Contributions 2025 Total</u>	<u>Grants-Cash Contributions 2024 Total</u>
Canada	\$ 632,139	\$ -
Switzerland	658,098	827,497
	<u>\$ 1,290,237</u>	<u>\$ 827,497</u>

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, 2025 and 2024, cash and cash equivalents (including board-designated cash) on deposit exceeded federally insured limits by approximately \$14,770,000 and \$18,630,000, 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, 2025 and 2024, approximately \$1,712,000 and \$2,836,000, 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, 2025 and 2024, amounts due from government grants for expenditures incurred were \$3,069,773 and \$1,475,901, 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, 2025 and 2024. As of September 30, 2025 and 2024, there were no grants payable to other agencies.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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, 2025 and 2024, 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. The Chief Financial Officer of FH was appointed as a non-executive board member of Faulu Microfinance bank subsequent to the year ended September 30, 2025. 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.

As of September 30, 2025, 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, 2025 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 12 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. The property was sold during the year ended September 30, 2025.

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 40 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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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, 2025, annuity assets totaled \$2,395,622 (\$58,757 was covered by reinsurance and \$2,336,865 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, 2024, annuity assets totaled \$2,158,447 and annuity liabilities totaled \$556,806.

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, 2025 and 2024 was \$6,239,332 and \$6,999,989, respectively. Of this total amount, \$1,871,800 and \$2,099,997 was estimated to be due within one year of September 30, 2025 and 2024, 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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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, 2025 and 2024.

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, 2025 and 2024, 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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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 statement 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, 2025, FH received approximately 47% of total revenue from private contributions, 44% of total revenue from U.S. government grants, 0% from gifts-in-kind received through private donations, and 9% from all other sources. 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.

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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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 \$1,016,836 and \$245,240 during the years ended September 30, 2025 and 2024, respectively, which is reported in the consolidated statement of activities as foreign currency translation adjustments.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

FH uses an established framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lower priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that FH has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by FH. FH considers observable data to be that market data that is readily available, regularly distributed or actively involved in the relevant market. The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to FH'S perceived risk of that investment.

Fair values of investments measured on a recurring basis are:

	Fair Value Measurements as of September 30, 2025			September 30,
	Level 1	Level 2	Total	2024 Total
Investments held at fair value:				
Mutual funds	\$ 5,730,383	\$ -	\$ 5,730,383	\$ 5,527,203
Exchange-traded funds	1,030,990	-	1,030,990	335,527
Government bonds	-	-	-	1,445,884
	6,761,373	-	6,761,373	7,308,614
Investments held at cost:				
Cash and cash equivalents	-	-	4,484,645	3,493,111
Total investments	\$ 6,761,373	\$ -	11,246,018	10,801,725
Less long-term investments:				
Annuity assets held in investments			(2,336,865)	(2,099,690)
Child Vocational Scholarship Fund held as investments			(1,573,367)	(1,596,135)
Investments and board-designated investments			\$ 7,335,786	\$ 7,105,900

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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,	
	2025	2024
Interest and dividends related to:		
Cash and cash equivalents	\$ 657,754	\$ 810,759
Investments	296,786	360,826
Realized and unrealized gains on investments	60,825	281,024
	<u>\$ 1,015,365</u>	<u>\$ 1,452,609</u>

FH's endowment consists of one individual fund established for the provision of scholarships and is made up of investments of \$1,573,367 and \$1,596,135, as of September 30, 2025 and 2024, 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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

4. ENDOWMENT FUNDS:

Endowment net asset composition by type of fund is:

	September 30, 2025			September 30, 2024 Total
	With Donor Restrictions	Restricted in Perpetuity	Total	
Donor-restricted endowment funds	\$ 1,073,367	\$ 500,000	\$ 1,573,367	\$ 1,596,135
Total endowment funds	\$ 1,073,367	\$ 500,000	\$ 1,573,367	\$ 1,596,135

Changes in endowment net assets consist of:

	Year Ended September 30, 2025			Year Ended September 30, 2024 Total
	With Donor Restrictions	Restricted in Perpetuity	Total	
Endowment net assets, beginning of year	\$ 1,096,135	\$ 500,000	\$ 1,596,135	\$ 1,601,171
Investment return:				
Interest and dividend income	53,852	-	53,852	1,601,171
Realized and unrealized gains (losses)	4,846	-	4,846	(691)
Total investment return	58,698	-	58,698	76,156
Appropriation of endowment assets for expenditure	(81,466)	-	(81,466)	(81,192)
Endowment net assets, end of year	\$ 1,073,367	\$ 500,000	\$ 1,573,367	\$ 1,596,135

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, 2025 and 2024.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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,	
	2025	2024
Prepaid expenses	\$ 4,611,314	\$ 5,987,018
Inventory	636,316	1,174,183
Security deposits	257,470	261,788
Cash surrender value of life insurance and 457(b) plan	167,717	155,931
Program advances	28,105	95,655
	<u>5,700,921</u>	<u>7,674,575</u>
Less long-term other assets	<u>(167,717)</u>	<u>(155,931)</u>
	<u>\$ 5,533,205</u>	<u>\$ 7,518,644</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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, 2025 and 2024. 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,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 12,874,655	\$ 16,684,694
Grants and other receivables	6,671,943	2,740,296
Board-designated cash	2,564,214	2,794,100
Board-designated investments	7,335,786	7,105,900
Annuity assets and reinsurance contract	2,395,622	2,158,447
Other long-term assets	167,717	155,931
Investment in affiliate companies	3,323,498	3,323,498
Child Vocational Scholarship Fund	1,573,367	1,596,135
	36,906,802	36,559,001
Less those unavailable for general expenditures within one year, due to:		
Reinsured annuity assets	(58,757)	(58,757)
State required reserves	(583,982)	(630,935)
Cash surrender value of life insurance and 457(b) plan	(167,717)	(155,931)
Investment in affiliate companies	(3,323,498)	(3,323,498)
Board-designated cash	(2,564,214)	(2,794,100)
Board-designated investments	(7,335,786)	(7,105,900)
Assets held for endowment fund not expected to be distributed	(1,573,367)	(1,516,328)
Financial assets available to meet cash needs for general expenditures within one year	\$ 21,299,481	\$ 20,973,552

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, 2025 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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

7. INVESTMENT IN AFFILIATE COMPANIES:

Investment in affiliate companies consist of:

	September 30,	
	2025	2024
Investment in Faulu Kenya-cost method	\$ 3,323,498	\$ 3,323,498

8. LAND, BUILDINGS, AND EQUIPMENT-NET:

Land, buildings, and equipment-net consist of:

	September 30,	
	2025	2024
Land	\$ -	\$ 1,123,624
Buildings and improvements	868,628	1,893,983
Furniture and fixtures	1,282,359	1,538,013
Office equipment	445,308	674,933
Computer equipment	1,048,159	1,660,620
Computer software	4,956,969	3,847,265
Vehicles	4,872,416	5,035,399
Less accumulated depreciation	(7,375,607)	(8,790,509)
	\$ 6,098,232	\$ 6,983,328

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, 2025, total equipment held in foreign countries was \$5,402,388 and accumulated depreciation was \$4,380,342. As of September 30, 2024, total equipment held in foreign countries was \$5,573,105 and accumulated depreciation was \$4,067,761.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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,	
	2025	2024
Operating lease right-of-use assets	\$ 6,308,499	\$ 6,814,723
Operating lease obligations	\$ 6,911,665	\$ 7,496,851
Operating lease costs	\$ 2,547,552	\$ 2,624,577
Short-term lease costs	\$ 304,417	\$ 293,227
Weighted-average discount rate	3.69%	3.71%
Weighted-average remaining lease term	4.12 years	3.66 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:

	Liability
Years Ending September 30,	
2026	\$ 2,388,431
2027	1,679,200
2028	1,523,458
2029	1,451,372
2030	179,278
Thereafter	-
	7,221,739
Less imputed interest	(310,074)
	\$ 6,911,665

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

10. NET ASSETS:

Net assets without donor restrictions consist of:

	September 30,	
	2025	2024
Undesignated-operating	\$ 3,446,294	\$ 5,686,020
Board-designated:		
Strategic operational reserve	3,900,000	6,000,000
Phoenix building	6,000,000	3,900,000
Investment in affiliate companies	3,323,498	3,323,498
	\$ 16,669,792	\$ 18,909,518

Net assets with donor restrictions consist of:

	September 30,	
	2025	2024
Restricted by purpose or time:		
Relief efforts and international projects	\$ 7,916,539	\$ 7,236,189
Child sponsorship	2,328,085	1,882,539
Child Vocational Scholarship Fund	1,127,394	1,096,135
Other	615,526	752,351
	11,987,544	10,967,214
Restricted in perpetuity:		
Endowment net assets	500,000	500,000
	\$ 12,487,544	\$ 11,467,214

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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,	
	2025	2024
United States Agency for International Development (USAID):		
Wheat	\$ 399,877	\$ 23,275,637
Maize	6,832,279	5,836,724
Yellow split peas	4,528,576	4,726,039
Vegetable oil	4,013,409	4,486,445
Sorghum	9,363,572	617,720
	25,137,713	38,942,565
For-Profit Corporations:		
Deworming and other	-	7,126
Non-Profit Organizations:		
Deworming and other	-	1,399,339
Dehydrated vegetable soup mix	-	854,714
	-	2,254,053
	\$ 25,137,713	\$ 41,203,744

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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, 2025 and 2024, FH received commodities from FH Canada in the amount of \$0 and \$2,254,053, 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, 2025 and 2024, FH had approximately \$636,000 and \$1,174,000, 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, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

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 five years of cumulative service in any FH Association field. Retirement benefit expense under the FH Inc. and FH Association plans amounted to approximately \$880,000 and \$935,000, for the years ended September 30, 2025 and 2024, 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 February 3, 2026, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

FOOD FOR THE HUNGRY

Consolidating Schedule of Financial Position

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	September 30,						2024
	2025						
	Food for the Hungry, Inc.	FH Association	Food for the Hungry UK	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
ASSETS:							
Current assets:							
Cash and cash equivalents	\$ 372,668	\$ 12,346,189	\$ 155,798	\$ -	\$ -	\$ 12,874,655	\$ 16,684,694
Intercompany receivable	(63,829)	342,547	-	-	(278,718)	-	-
Grants and other receivables	5,851,296	4,731,299	-	-	(3,910,652)	6,671,943	2,740,296
Prepaid expenses and other assets	4,404,050	1,129,122	33	-	-	5,533,205	7,518,644
	10,564,185	18,549,157	155,831	-	(4,189,370)	25,079,803	26,943,634
Board-designated cash	2,564,214	-	-	-	-	2,564,214	2,794,100
Board-designated investments	7,335,786	-	-	-	-	7,335,786	7,105,900
Annuity assets and reinsurance contract	2,265,735	-	-	129,887	-	2,395,622	2,158,447
Other long-term assets	167,717	-	-	-	-	167,717	155,931
Investment in affiliate companies	3,323,498	-	-	-	-	3,323,498	3,323,498
Right-of-use assets-operating leases	4,390,867	1,917,632	-	-	-	6,308,499	6,814,723
Property held for sale	-	-	-	-	-	-	397,912
Land, building, and equipment, at cost-net	5,177,154	921,078	-	-	-	6,098,232	6,983,328
Investments in Child Vocational Scholarship fund	1,573,367	-	-	-	-	1,573,367	1,596,135
	10,564,185	18,549,157	155,831	-	(4,189,370)	25,079,803	26,943,634
Total Assets	\$ 37,362,524	\$ 21,387,867	\$ 155,831	\$ 129,887	\$ (4,189,370)	\$ 54,846,738	\$ 58,273,608

(continued)

FOOD FOR THE HUNGRY

Consolidating Schedule of Financial Position

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	September 30,						2024
	2025						
	Food for the Hungry, Inc.	FH Association	Food for the Hungry UK	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
LIABILITIES AND NET ASSETS:							
Liabilities:							
Current liabilities:							
Accounts payable and accrued expenses	\$ 8,887,786	\$ 5,614,052	\$ 41,073	\$ -	\$ (4,189,370)	\$ 10,353,541	\$ 10,339,628
Intercompany payable	-	-	-	-	-	-	-
Deferred income	353,299	3,144,200	-	-	-	3,497,499	4,603,599
Operating lease obligations	1,371,137	1,017,294	-	-	-	2,388,431	2,157,121
	10,612,222	9,775,546	41,073	-	(4,189,370)	16,239,471	17,100,348
Operating lease obligations, net of current	3,669,215	854,018	-	-	-	4,523,233	5,339,730
Other long-term liabilities	-	4,369,892	-	-	-	4,369,892	4,899,992
Annuity obligations	556,806	-	-	-	-	556,806	556,806
Total liabilities	14,838,243	14,999,456	41,073	-	(4,189,370)	25,689,402	27,896,876
Net assets:							
Without donor restrictions:							
Undesignated-operating	1,435,649	1,849,868	30,891	129,887	-	3,446,294	5,686,020
Board-designated	9,900,000	-	-	-	-	9,900,000	9,900,000
Investment in affiliate companies	3,323,498	-	-	-	-	3,323,498	3,323,498
With donor restrictions	7,865,134	4,538,543	83,867	-	-	12,487,544	11,467,214
Total net assets	22,524,281	6,388,411	114,758	129,887	-	29,157,336	30,376,732
Total Liabilities and Net Assets	\$ 37,362,524	\$ 21,387,867	\$ 155,831	\$ 129,887	\$ (4,189,370)	\$ 54,846,738	\$ 58,273,608

FOOD FOR THE HUNGRY

Consolidating Schedule of Activities

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	September 30,						2024
	2025						
	Food for the Hungry, Inc.	FH Association	Food for the Hungry UK	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS:							
SUPPORT, REVENUE, AND OTHER:							
Cash contributions:							
Non-U.S. National Organizations	\$ 354,247	\$ 681,055	\$ -	\$ -	\$ (681,203)	\$ 354,099	\$ 329,247
Other cash contributions	4,555,145	-	49,087	-	-	4,604,232	5,470,851
Investment income	956,825	-	-	4,688	-	961,513	1,376,453
Change in value of annuities	250,463	-	-	-	-	250,463	315,347
Other income	292,588	496,366	-	-	-	788,954	227,854
Noncash support and revenue:							
Other donated commodities	-	-	-	-	-	-	7,126
Net assets released from restrictions	148,014,788	115,026,741	73,749	-	(103,200,237)	159,915,040	199,142,544
Total Support, Revenue, and Other	154,424,056	116,204,162	122,836	4,688	(103,881,440)	166,874,301	206,869,422
EXPENSES:							
Program ministries	117,861,727	117,160,489	127,323	-	(103,881,440)	131,268,099	174,968,438
Supporting services:							
Fundraising	25,149,504	-	-	-	-	25,149,504	27,870,412
General and administrative	13,713,260	-	-	-	-	13,713,260	15,024,499
	38,862,764	-	-	-	-	38,862,764	42,894,911
Total Expenses	156,724,491	117,160,489	127,323	-	(103,881,440)	170,130,863	217,863,349

(continued)

FOOD FOR THE HUNGRY

Consolidating Schedule of Activities

September 30, 2025

(with summarized comparative financial information for the year ended September 30, 2024)

	Year Ended September 30,						2024
	2025						
	Food for the Hungry, Inc.	FH Association	Food for the Hungry UK	Food for the Hungry Foundation, Inc	Eliminations	Total	
Change in Net Assets Before Foreign Currency Translation	\$ (2,300,435)	\$ (956,327)	\$ (4,487)	\$ 4,688	\$ -	\$ (3,256,562)	\$ (10,993,927)
Foreign currency translation adjustments	(4,435)	1,017,999	3,272	-	-	1,016,836	245,240
Change in Net Assets Without Donor Restrictions	(2,304,870)	61,672	(1,215)	4,688	-	(2,239,726)	(10,748,687)
Net Assets Without Donor Restrictions, Beginning of Year	16,964,017	1,788,196	32,106	125,199	-	18,909,518	29,658,205
Net Assets Without Donor Restrictions, End of Year	<u>\$ 14,659,147</u>	<u>\$ 1,849,868</u>	<u>\$ 30,891</u>	<u>\$ 129,887</u>	<u>\$ -</u>	<u>\$ 16,669,792</u>	<u>\$ 18,909,518</u>
NET ASSETS WITH DONOR RESTRICTIONS:							
SUPPORT, REVENUE, AND OTHER:							
Cash contributions:							
Non-U.S. National Organizations	\$ 21,203	\$ 39,993,129	\$ -	\$ -	\$ (36,007,744)	\$ 4,006,588	\$ 5,285,924
Other governments	370,789	6,310,819	-	-	(346,011)	6,335,597	12,998,967
Child sponsorships	66,395,539	-	6,279	-	-	66,401,818	67,059,775
Other cash contributions	7,929,783	2,010,308	48,504	-	(164,478)	9,824,117	11,911,097
U.S. government grants	49,147,476	41,498,542	-	-	(41,470,333)	49,175,685	56,671,603
Investment income	53,852	-	-	-	-	53,852	76,156
Other income	-	-	-	-	-	-	-
Noncash support and revenue:							
U.S. government commodities provided for	25,137,713	25,211,671	-	-	(25,211,671)	25,137,713	38,942,565
Other donated commodities	-	-	-	-	-	-	2,254,053
Net assets released from restrictions	<u>(148,014,788)</u>	<u>(115,026,741)</u>	<u>(73,749)</u>	<u>-</u>	<u>103,200,237</u>	<u>(159,915,041)</u>	<u>(199,142,544)</u>
Change in Net Assets With Donor Restrictions	1,041,567	(2,271)	(18,966)	-	-	1,020,330	(3,468,561)
Net Assets With Donor Restrictions, Beginning of Year	6,823,567	4,540,814	102,833	-	-	11,467,214	14,935,775
Net Assets With Donor Restrictions, End of Year	<u>\$ 7,865,134</u>	<u>\$ 4,538,543</u>	<u>\$ 83,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,487,544</u>	<u>\$ 11,467,214</u>