



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

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

Year Ended December 31, 2022

FOOD FOR THE POOR, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Food for the Poor, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, 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.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Poor, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 11 to the consolidated financial statements, Food for the Poor, Inc. and Subsidiary identified adjustments pertaining to net assets as of January 1, 2022. Beginning net assets as of January 1, 2022, have been adjusted to correct these errors. Our opinion has not been modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, continued

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 Poor, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food for the Poor, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Capin Crouse LLP

Lawrenceville, Georgia
April 21, 2023

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position

December 31, 2022

ASSETS:

Cash and cash equivalents	\$ 17,553,540
Goods pending distribution	4,736,529
Prepaid expenses and other assets	1,544,445
Contribution receivable	3,909,404
Investments	18,299,133
Property and equipment—net	<u>11,368,640</u>

Total Assets	<u><u>\$ 57,411,691</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued expenses	\$ 5,987,341
Annuity obligations	<u>4,494,465</u>
Total liabilities	<u>10,481,806</u>

Net assets:

Net assets without donor restrictions	30,012,143
Net assets with donor restrictions	<u>16,917,742</u>
Total net assets	<u>46,929,885</u>

Total Liabilities and Net Assets	<u><u>\$ 57,411,691</u></u>
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See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions:			
Cash	\$ 128,959,050	\$ 1,475,922	\$ 130,434,972
Gifts in kind of nonfinancial assets	360,378,479	-	360,378,479
	489,337,529	1,475,922	490,813,451
Investment loss	(695,854)	-	(695,854)
Other income	134,065	-	134,065
Total Support and Revenue	488,775,740	1,475,922	490,251,662
RECLASSIFICATIONS:			
Satisfaction of purpose restrictions	-	-	-
EXPENSES:			
Program services:			
Educational	10,383,104	-	10,383,104
Basic needs	132,911,283	-	132,911,283
Healthcare	256,641,003	-	256,641,003
Community support and development	42,021,126	-	42,021,126
	441,956,516	-	441,956,516
Supporting activities:			
Fundraising	46,097,864	-	46,097,864
Management and general	13,292,812	-	13,292,812
	59,390,676	-	59,390,676
Total Expenses	501,347,192	-	501,347,192
Change in Net Assets	(12,571,452)	1,475,922	(11,095,530)
Net Assets, Beginning of Year:			
As Previously Reported	49,127,807	8,897,608	58,025,415
Prior Period Adjustment (Note 11)	(6,544,212)	6,544,212	-
As Restated	42,583,595	15,441,820	58,025,415
Net Assets, End of Year	\$ 30,012,143	\$ 16,917,742	\$ 46,929,885

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

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

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (11,095,530)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	504,036
Realized and unrealized losses on investments	370,245
Annuity actuarial change, net of payments	147,296
Gain on sale of property and equipment	(20,659)
Changes in assets/liabilities:	
Increase in Goods pending distribution	(537,714)
Decrease in Prepaid expenses and other assets	2,101,082
Decrease in Accounts payable and accrued expenses	(2,183,392)
Net Cash Used by Operating Activities	<u>(10,714,636)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(1,383,682)
Proceeds from the sale of investments	3,135,033
Purchase of property and equipment	(181,800)
Proceeds from the sale of property and equipment	27,221
Net Cash Provided by Investing Activities	<u>1,596,772</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from new annuities	10,000
Payments on annuities	(394,526)
Net Cash Used by Financing Activities	<u>(384,526)</u>

Change in Cash and Cash Equivalents	(9,502,390)
Cash and Cash Equivalents, Beginning of Year	<u>27,055,930</u>
Cash and Cash Equivalents, End of Year	<u>\$ 17,553,540</u>

See notes to consolidated financial statements

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

1. NATURE OF ORGANIZATION:

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

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

The Organization is engaged in the collection and distribution of money, food, clothing, medicine, and other goods to improve the health, economic, and social conditions of indigent poor throughout the world. Activities are concentrated in the Caribbean and Latin America.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION

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

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes checking, savings, and money market accounts. Cash equivalents are defined as short-term, highly liquid debt securities that are both readily convertible to cash and have an original maturity of three months or less. At December 31, 2022, the Organization's cash and cash equivalent balances with financial institutions exceeded federally insured limits by \$11,916,023.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

GOODS PENDING DISTRIBUTION

The Organization's goods that are pending distribution consist of both donated and purchased goods. Donated goods are valued at their estimated fair value using the valuation methods described below and the purchased goods are stated at the lower of cost or net realizable value at the time of purchase. Substantially all the goods pending distribution as of December 31, 2022, are expected to be distributed during the year ending December 31, 2023. Significant damage or expiration of pharmaceuticals may result in goods not being distributed. Management has determined any allowance for obsolescence or goods unable to be distributed by reviewing activity, expiration dates, and distribution history. Actual losses are recorded as a charge to the allowance as incurred, and additions to the allowance are charged to cost of goods distributed.

CONTRIBUTION RECEIVABLE

The Organization is the beneficiary of an irrevocable trust. Under the terms of the trust, the Organization has the irrevocable right to receive the remaining balance of assets of the trust after all other beneficiaries are paid. The fair value of the beneficial interest in the trust is recognized as an asset and as a contribution with donor restrictions at the date the trust was considered irrevocable. The Organization's estimate of fair value is based on fair value information received from the trustee. The trust assets consist of, but are not limited to, cash and cash equivalents, residential real property, ownership interest in various corporations, and equities. These assets are not subject to control or direction by the Organization. The Organization expects to receive their portion of the assets during the year ended December 31, 2023.

INVESTMENTS

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

PROPERTY AND EQUIPMENT—NET

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

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITY OBLIGATIONS

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

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

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

CLASSES OF NET ASSETS

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

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

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

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE AND REVENUE RECOGNITION

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

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

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

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

EXPENSES

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

Directly identifiable expenses are charged to the respective program and supporting services. Expenses related to more than one function are initially charged to programs and supporting services primarily based on a percentage of estimated utilized square footage of the Organization's facility. Expenses related to more than one program are allocated based on a percentage of the number of containers shipped and/or the number of on-going projects related to the type of program. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

CONCENTRATIONS

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

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARDS

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor imposed restrictions, and valuation techniques. Adoption of this standard had no impact on net assets as of December 31, 2022.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to fulfilling its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets:	
Cash and cash equivalents	\$ 17,553,540
Contribution receivable	3,909,404
Investments	<u>18,299,133</u>
Financial assets, at year-end	<u>39,762,077</u>
Less those unavailable for general expenditures within one year due to:	
Reinsured annuity asset	(4,154,122)
Other assets held for long term purposes	<u>(273,404)</u>
	<u>(4,427,526)</u>
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$ 35,334,551</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2022, the Organization has \$12,732,134 in net assets with donor restrictions for various time restrictions and projects. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

Land	\$ 3,952,144
Land improvements	1,030,140
Buildings and improvements	10,406,230
Furniture and equipment	3,938,060
Vehicles	148,566
	<hr/>
	19,475,140
Less accumulated depreciation	(8,106,500)
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	<u>\$ 11,368,640</u>

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

Contributions receivable (time restrictions)	\$ 3,909,404
Restricted for various project purposes	12,732,134
Restricted for long term purposes	276,204
	<hr/>
	<u>\$ 16,917,742</u>

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

6. GIFTS IN KIND:

Gifts in kind included in the consolidated statement of activities were as follows:

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

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

6. GIFTS IN KIND, continued:

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

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

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

7. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS:

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

	Fair Value Measurements at			
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income funds	\$ 6,487,490	\$ -	\$ -	\$ 6,487,490
Equities	6,988	-	-	6,988
Mutual funds	5,563,449	-	-	5,563,449
	\$ 12,057,927	-	-	12,057,927
Reconciling items at cost:				
Cash surrender value of life insurance				37,038
Reinsured annuities asset				4,154,122
Cash and cash equivalents				2,050,046
				6,241,206
Total investments				\$ 18,299,133

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

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

Changes in valuation techniques—None.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

8. ASSOCIATED CHARITIES:

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

9. EMPLOYEE BENEFITS:

The Organization maintains a 403(b)(7) ERISA Title 1 Plan (the “Plan”) which covers all employees. Participants may elect to contribute up to 100% of their wages, as limited by current federal tax law. Additionally, the Organization matches 50% of participating employees’ contributions up to the first 6% of their salary deferral. For 2023, the Organization accrued approximately \$446,500 of contributions to the Plan all of which is included in accounts payable and accrued liabilities in the accompanying consolidated statement of financial position and salaries and related expenses in the accompanying consolidated statement of functional expenses. The assets of the Plan are the property of the Plan’s participants and their beneficiaries; therefore, the assets of the Plan are not included in the accompanying consolidated financial statements.

10. COMMITMENTS AND CONTINGENCIES:

Grants and contracts awarded to the Organization are subject to the funding agencies’ criteria, contract terms, and regulations under which expenditures may be charged. Expenditures are subject to audit under such terms, regulations, and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended December 31, 2022.

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

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2022

11. PRIOR PERIOD ADJUSTMENTS:

During the year ended December 31, 2022, management determined that the prior period records contained misstatements that required correction. Certain net assets with donor restrictions were incorrectly reported as net assets without donor restrictions. Accordingly, prior period adjustments have been recorded to correct the errors. The effects of these adjustments on the beginning net assets without donor restrictions and net assets with donor restrictions as of December 31, 2021, were as follows:

	<u>As Previously Stated</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Net assets without donor restrictions	<u>\$ 49,127,807</u>	<u>\$ (6,544,212)</u>	<u>\$ 42,583,595</u>
Net assets with donor restrictions	<u>\$ 8,897,608</u>	<u>\$ 6,544,212</u>	<u>\$ 15,441,820</u>

12. SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 21, 2023, which is the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

FEDERAL AWARDS

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION**

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

We have audited the consolidated financial statements of Food for the Poor, Inc. and Subsidiary as of and for the year ended December 31, 2022, and our report thereon dated April 21, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1.

Our audits were 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 page 19, 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. 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

Lawrenceville, Georgia
April 21, 2023

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Schedule of Expenditures of Federal Awards

December 31, 2022

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:					
Limited Excess Property Program	98.None			\$ -	\$ 1,102,648
Ocean Freight Reimbursement Program (OFR)	98.003	7200AA19GR00030		-	80,000
Foreign Assistance to American Schools and Hospitals Abroad (ASHA)	98.006	72ASHA18CA00018		129,980	129,980
		72ASHA19CA00013		50,976	50,976
		72ASHA20GR00011		175,086	175,086
Total Foreign Assistance to American Schools and Hospitals Abroad (ASHA)				356,042	356,042
Food for Peace Cluster:					
Food for Peace Emergency Program:	98.008				
Commodities donated for distribution		720BHA22FA00016		-	241,629
		720BHA21FA00013		-	234,875
				-	476,504
Cash grants		72DFFP20FA00007		-	27,864
		720BHA21FA00013		-	113,698
				-	141,562
Total Food for Peace Emergency Program				-	618,066
Total Food for Peace Cluster				-	618,066
Total United States Agency for International Development				356,042	2,156,756
Total Expenditures of Federal Awards				\$ 356,042	\$ 2,156,756

See notes to schedule of expenditures of federal awards

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

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 Poor, Inc. and Subsidiary (Organization) under programs of the federal government for the year ending December 31, 2022. 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. During the year ending December 31, 2022, the Organization reported all limited excess property at the federal acquisition cost 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	\$ 2,156,756
Less:	
Donated limited excess property and donated commodities on the schedule included in gifts in kind contributions on the consolidated statement of activities	<u>(1,579,152)</u>
Government grants included in cash contributions per consolidated statement of activities	<u>\$ 577,604</u>

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

The Organization did not receive any federal insurance, loans, or loan guarantees. The Organization received federal non-cash assistance in the form of donated food commodities from the Food for Peace Emergency program and donated property from the limited excess property program.

**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 Poor, Inc. and Subsidiary
Coconut Creek, Florida

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 Poor, Inc. and Subsidiary (Organization), which comprise the consolidated statement of financial position as of December 31, 2022, 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 April 21, 2023.

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 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 the 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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*.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of 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

Lawrenceville, Georgia
April 21, 2023

**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 Poor, Inc. and Subsidiary
Coconut Creek, Florida

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

We have audited Food for the Poor Inc. and Subsidiary's (a nonprofit 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 December 31, 2022. Food for the Poor, Inc. and Subsidiary'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 Poor, Inc. and Subsidiary 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 December 31, 2022.

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 Poor, Inc. and Subsidiary
Coconut Creek, Florida

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 Poor, Inc. and Subsidiary
Coconut Creek, Florida

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

Lawrenceville, Georgia
April 21, 2023

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs

December 31, 2022

Section I – Summary of Audit Results

Consolidated 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 consolidated 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.None

Name of Federal Program or Cluster
Limited Excess Property Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

yes no

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs

December 31, 2022

Section II – Financial Statement Findings, continued

2022-001 Management's Application of Generally Accepted Accounting Principles

Material Weakness

Condition: As reported in the consolidated financial statements, corrections were made to the beginning of year net asset balances. These prior period adjustments represent items that had been improperly recorded and reported. Professional auditing standards require that material restatements of prior period consolidated financial statements be considered an indicator of a material weakness in internal controls over financial reporting.

Criteria: Generally accepted accounting principles

Cause: Oversight by management.

Effect: The audit adjustments were required for the financial statements to be materially correct.

Recommendation: We recommend that management examine the internal controls relating to the financial reporting process to ensure donor restrictions are recorded and reported in accordance with accounting principles generally accepted in the United States of America (GAAP).

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

FOOD FOR THE POOR, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs

December 31, 2022

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 POOR, INC. AND SUBSIDIARY

Auditee Summary Schedule of Prior Audit Findings

December 31, 2022

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.



"Whatever you did for one of the least of these brothers and sisters of Mine, you did for Me." (Matthew 25:40, niv)

FOOD FOR THE POOR, INC., AND SUBSIDIARY

Auditee Corrective Action Plan

December 31, 2022

Finding Number: 2022-001 Management's Application of Generally Accepted Accounting Principles

Planned Corrective Action: This was not a deficiency per se; it was always disclosed in Note 1: *Nature of activities and summary of significant accounting policies*, of the financial statements. Starting in 2022 and going forward, all gifts' balances with donor restrictions, will be reported as "Net assets with donor restrictions."

Person Responsible for Corrective Action Plan: Ray Barrett, Controller/Sr. Director-Accounting & Finance

Anticipated Date of Completion: 4/20/2023