Because you are critical to the mission of Food For The Poor, I have important news to share with you. At Food For The Poor, we have understood for 37 years that we can only do the Lord’s work of serving the poorest of the poor because you trust us to be good stewards of your hard-earned and generously shared gifts. Today that trust may be questioned because of the California Attorney General.

Food For The Poor (FFP) is appealing the California Attorney General’s order that says the charity sent solicitations that could have been misleading to donors and includes a potential fine of $1 million.

In March 2018, California filed limited cease and desist orders against FFP and two other faith-based charities. These orders followed an audit that took two years to complete, covering the years 2012 to 2015. The allegations were contested by all three charities and ultimately a consolidated hearing was held in December 2018. The hearing focused on two issues:

1. Whether the charities were using incorrect accounting methods for valuing their gifts-in-kind (GIK), also known as non-cash donations and, therefore the GIK were overvalued on their financial statements.
2. Whether the charities’ solicitations were deceptive based upon how their efficiency ratings were calculated, which included both GIK and cash donations.

For the first issue, the ruling affirmed FFP and stated that the charity proved its case in its use of correct accounting methods. This decision was important for us because it confirmed that we correctly present our financial statements and correctly value gifts-in-kind. California then moved to introduce a new law to change the rules in order to get their own way, just as a deputy AG had threatened in earlier conversations with the charity. The governor vetoed the bill.

On the second issue, the ruling went against the three charities. It states for FFP that the solicitations for monetary donations were deceptive in implying that FFP used 95 percent of all money donated for charitable programs, even though the Administrative Law Judge affirmed that our statement was true, based on audited financial statements.

We vehemently disagree and here are some of the reasons why:

1. FFP solicitations correctly state that “more than 95% of all donations go directly to programs that help the poor.” This is an accurate representation because FFP uses both GIK and cash donations to serve the poor. A review of our annual report or of our website clearly shows that we send more than 4,000 containers of lifesaving aid to the poor each year. As always, this aid is a combination of donated and purchased goods.
2. California stated during the hearing that they have not received a single complaint from any donor or potential donor to FFP. (The Attorney General’s Office subjectively created its own complaint.)
3. No survey, study, or any outreach was conducted by California to determine if any of our solicitations might be considered deceptive.
4. FFP employs exactly the same guidelines that, to the best of our knowledge and belief, are used by all organizations of the charitable sector in the United States. Many states and organizations that monitor and evaluate charities use the same methods to derive these efficiency ratings of all charities.

FFP’s accounting and reporting are accurate, and have complied with generally accepted accounting principles and standards.

It is difficult for a charity to have this accusation dangling over its head, especially when FFP was not afforded due process before the accusations were made public by California. The impact is that our reputation has been questioned. We live and die by your trust, and any implication of deception or fraud is devastating.

Please remember these things:

1. Our programs to serve the poor were not questioned.
2. There was no allegation of fraud or any misuse of charitable donations.
3. FFP’s registration to fundraise in California has not been revoked.
4. The judge ruled in favor of the charity in its valuation of gifts-in-kind donations, and therefore FFP has not misrepresented any numbers in its audited financial statements.
5. FFP stands by the language on its solicitations, because it truthfully states the efficiency of our organization.
6. All of this could have been avoided, if California had accepted the charity’s request for a nonprofit summit. Instead, they wasted hundreds of thousands of dollars.

As we continue to assert our position and pursue appeal rights, we humbly ask you to consider all that you have done with us to transform the lives of the poorest of the poor. Many of you have seen firsthand the massive scale of our food distributions, the secure homes, the clean water and the lifesaving clinics stocked with critical medicines. The charity would not hold out to fight if we didn’t feel like it was the right thing to do.

I can assure you that any fine will not be paid out of donations, but would come from the sale of appreciated land. This is money that would have been used to help in our mission to serve the poor, but instead it would have to go to California, presumably to cover their legal fees. California spent vast amounts on investigating the valuations, but exerted nothing but opinion on solicitations. In the end, it came down to an arbitrary decision by one person, the judge.

We have never needed the prayers and support of our donors more than now. Please join us in prayer as we seek God’s guidance and blessings to continue together to do His work to serve the poorest of the poor.

If you would like to speak to someone at FFP, please do not hesitate to contact us at 1-855-306-3663 or CA.Appeal@foodforthepoor.com.

In service to the poor,
Ed Raine