



FOOD FOR THE POOR, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2014

FOOD FOR THE POOR, INC.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Food for the Poor, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food for the Poor, Inc. as of December 31, 2014, 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.

Other Matters

We have previously audited Food for the Poor, Inc.'s December 31, 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 27, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

Boca Raton, Florida
March 30, 2015

FOOD FOR THE POOR, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2014
(With Comparative Totals as of December 31, 2013)

	2014	2013
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 12,679,110	\$ 12,655,909
Promises to give, net	889,150	741,033
Other receivable	145,965	-
Goods pending distribution	531,029	564,123
Prepaid expenses	437,783	697,572
Other assets	357,131	279,870
TOTAL CURRENT ASSETS	15,040,168	14,938,507
PROPERTY, BUILDING AND EQUIPMENT, at cost, less accumulated depreciation	15,386,119	15,344,318
TOTAL ASSETS	\$ 30,426,287	\$ 30,282,825
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 6,021,988	\$ 4,713,050
Current portion of mortgage payable	724,092	724,092
TOTAL CURRENT LIABILITIES	6,746,080	5,437,142
LONG-TERM DEBT, less current portion above	181,019	905,109
TOTAL LIABILITIES	6,927,099	6,342,251
NET ASSETS		
Unrestricted:		
Designated for special projects	8,965,435	4,551,474
Undesignated	13,602,665	18,636,094
Total unrestricted	22,568,100	23,187,568
Temporarily restricted	931,088	753,006
TOTAL NET ASSETS	23,499,188	23,940,574
TOTAL LIABILITIES AND NET ASSETS	\$ 30,426,287	\$ 30,282,825

See Notes to Financial Statements

FOOD FOR THE POOR, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2014</u>	<u>2013</u>
SUPPORT AND REVENUE				
Contributions:				
Cash	\$ 121,561,976	\$ 126,048	\$ 121,688,024	\$ 112,531,731
Donated goods	789,508,240	-	789,508,240	916,006,638
Promises to give	489,377	1,585,878	2,075,255	1,496,889
Investment earnings	35,776	-	35,776	(2,446)
Other income	89,539	-	89,539	119,803
Net assets released from restrictions	1,533,844	(1,533,844)	-	-
TOTAL SUPPORT AND REVENUE	<u>913,218,752</u>	<u>178,082</u>	<u>913,396,834</u>	<u>1,030,152,615</u>
EXPENSES				
Program services:				
Educational programs	6,175,360	-	6,175,360	6,265,339
Goods and aid supplied	867,430,851	-	867,430,851	984,844,197
Total program services	<u>873,606,211</u>	<u>-</u>	<u>873,606,211</u>	<u>991,109,536</u>
Supporting services:				
Fundraising	32,544,396	-	32,544,396	30,013,899
Management and general	7,687,613	-	7,687,613	7,304,402
Total supporting services	<u>40,232,009</u>	<u>-</u>	<u>40,232,009</u>	<u>37,318,301</u>
TOTAL EXPENSES	<u>913,838,220</u>	<u>-</u>	<u>913,838,220</u>	<u>1,028,427,837</u>
CHANGE IN NET ASSETS	(619,468)	178,082	(441,386)	1,724,778
NET ASSETS - Beginning	<u>23,187,568</u>	<u>753,006</u>	<u>23,940,574</u>	<u>22,215,796</u>
NET ASSETS - Ending	<u>\$ 22,568,100</u>	<u>\$ 931,088</u>	<u>23,499,188</u>	<u>\$ 23,940,574</u>

See Notes to Financial Statements

FOOD FOR THE POOR, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Totals</u>	
	<u>Educational Programs</u>	<u>Goods and Aid Supplied</u>	<u>Total</u>	<u>Fundraising Expenses</u>	<u>Management and General Expenses</u>	<u>Total</u>	<u>2014</u>	<u>2013</u>
	Food, medical and other commodities	\$ -	\$ 806,070,562	\$ 806,070,562	\$ -	\$ -	\$ -	\$ 806,070,562
Grants and other assistance	-	33,742,579	33,742,579	-	-	-	33,742,579	27,112,958
Salaries and related expenses	4,513,428	4,378,196	8,891,624	9,714,967	5,043,850	14,758,817	23,650,441	22,994,635
Freight	-	22,275,353	22,275,353	-	-	-	22,275,353	19,292,799
Printed materials and publicity	68,430	30,674	99,104	13,344,567	49,590	13,394,157	13,493,261	12,233,055
Postage	29,540	38,712	68,252	8,021,848	19,094	8,040,942	8,109,194	6,818,277
Travel	1,371,321	298,351	1,669,672	625,142	82,095	707,237	2,376,909	2,483,987
Professional services	9,130	117,698	126,828	297,534	274,737	572,271	699,099	1,010,356
Depreciation	16,689	116,826	133,515	58,413	343,727	402,140	535,655	540,050
Other office expenses	51,347	60,026	111,373	59,139	738,711	797,850	909,223	861,026
Repairs and maintenance	15,985	107,279	123,264	61,296	73,071	134,367	257,631	304,742
Courier and miscellaneous freight	49,999	48,651	98,650	54,245	5,476	59,721	158,371	162,260
Office supplies	11,700	17,533	29,233	113,775	114,632	228,407	257,640	243,112
Data processing	12,543	25,952	38,495	112,425	231,893	344,318	382,813	326,771
Insurance	-	-	-	-	206,998	206,998	206,998	193,218
Telephone	15,941	37,307	53,248	48,469	58,687	107,156	160,404	168,880
Occupancy	8,019	56,133	64,152	28,066	41,431	69,497	133,649	129,023
Interest	1,288	9,019	10,307	4,510	23,349	27,859	38,166	67,550
Total expenses before uncollectible pledges	6,175,360	867,430,851	873,606,211	32,544,396	7,307,341	39,851,737	913,457,948	1,028,291,611
Uncollectible pledges	-	-	-	-	380,272	380,272	380,272	136,226
Total expenses	\$ 6,175,360	\$ 867,430,851	873,606,211	\$ 32,544,396	\$ 7,687,613	\$ 40,232,009	\$ 913,838,220	\$ 1,028,427,837

See Notes to Financial Statements

FOOD FOR THE POOR, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (441,386)	\$ 1,724,778
Adjustments to reconcile change in net assets to net cash		
Depreciation	535,655	540,050
Gain on disposal of fixed assets	-	(32,151)
Provision for losses on promises to give	380,272	136,226
Decrease (increase) in operating assets:		
Promises to give	(528,389)	216,970
Other receivable	(145,965)	129,000
Goods pending distribution	33,094	2,536,945
Prepaid expenses	259,789	(311,298)
Other assets	(77,261)	12,658
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	1,308,938	(1,753,588)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,324,747	3,199,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(577,456)	(107,298)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(577,456)	(107,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage payable	(724,090)	(724,089)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(724,090)	(724,089)
NET INCREASE IN CASH	23,201	2,368,203
CASH, BEGINNING OF YEAR	12,655,909	10,287,706
CASH, END OF YEAR	\$ 12,679,110	\$ 12,655,909
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 38,166	\$ 67,550

See Notes to Financial Statements

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of activities and summary of significant accounting policies

Nature of activities - Food for the Poor, Inc. (the "Organization") is a not-for-profit corporation 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.

Food for the Poor of Canada, Inc. ("FFP - Canada") is a not-for-profit organization incorporated under the laws of Canada. Its purpose is to help those less fortunate in the Caribbean and Latin America by providing food, shelter and other basic needs. FFP - Canada is affiliated to the Organization by common control because two officers of the Organization are also directors of FFP - Canada. Consolidated statements have not been prepared since the economic interest that is provided to FFP - Canada is not deemed material to the results of the Organization. In 2014, the Organization provided a grant and other financial support of approximately \$55,000 to support the operations of FFP - Canada.

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets as of December 31, 2014.

Basis of presentation - The Organization primarily classifies program services into the following categories:

Goods and Aid Supplied Program - The Organization distributes the majority of its contributions directly to programs that help the poor.

Educational Programs - The Organization, as part of its mission, also educates the general public about the specific conditions of the poor located in the assisted regions.

Allocation of joint costs - The Organization follows accounting standards generally accepted in the United States of America ("U.S. GAAP") for accounting for costs of activities of not-for-profit organizations that include fundraising. It establishes financial accounting standards for the accounting for costs of joint activities to be charged appropriately to the program, supporting services and to fundraising.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general 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.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of activities and summary of significant accounting policies (continued)

Cash equivalents - The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

The Organization had no cash equivalents at December 31, 2014.

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 at the date of donation and the purchased goods are stated at cost at the time of purchase. At December 31, 2014, the Organization had \$531,029 of goods pending distribution.

Property, building and equipment - Acquisitions of property, building and equipment in excess of \$1,500 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Property, building and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Land is reported at cost. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized currently. Other repairs and maintenance are charged to expense as incurred.

Donations of property, building and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose.

Contributions - Contributions are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the donor intent.

Contributed services are recognized as contributions at their estimated fair value, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Services provided by volunteers throughout the year are not recognized as contributions in the financial statements since these services are not susceptible to objective measurement or valuation.

The Organization classifies contributions received with restrictions where the restrictions are satisfied in the same reporting period as unrestricted contributions.

Promises to give - Contributions are recognized at fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of activities and summary of significant accounting policies (continued)

Promises to give (continued)

The Organization uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization also discounts to present value the estimated future cash flows using an appropriate market rate of interest for its promises to give receivable greater than one year. Therefore, promises to give are recorded at their net realizable value.

Gifts-in-kind - Gifts-in-kind ("GIK") received through private donations are recorded and valued as revenue at their estimated fair value based upon the Organization's estimate of the wholesale values that would be received for selling the goods in their principal market.

Non-pharmaceutical GIK contributions received are valued at their estimated wholesale value as provided by the donor or, in the absence of the donor's reasonable valuation, estimated by the Organization using like-kind analyses and past donation history.

Pharmaceutical GIK contributions received are valued using costing data acquired from recognized and published resources and are valued at their estimated wholesale acquisition cost ("WAC") on a drug by drug basis. If WAC is not available in any published source, the Organization will refer to the donor's value. This valuation policy most resembles one used by a wholesale distributor of goods, which is the market role the Organization has in the acquisition and shipment of pharmaceutical donations. Pharmaceutical GIK contributions acquired from non-U.S. donors for products legally permissible to be sold outside the United States are valued in U.S. dollars based upon the wholesale market price of the countries representing the principal exit markets for those products.

GIK expenses are recorded when the goods are shipped for program use.

Freight - Shipping and handling costs are included in goods pending distribution in the accompanying statement of financial position upon receipt of goods and are expensed and included in goods and aid supplied in the accompanying statement of activities upon the shipment to recipients.

Advertising - Advertising costs are expensed as incurred and were \$439,574 for the year ended December 31, 2014 and are included with printed materials and publicity in the statement of functional expenses.

Use of estimates - The accompanying financial statements have been prepared in conformity with U.S. GAAP. In preparing the financial statements, management is required 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of activities and summary of significant accounting policies (continued)

Use of estimates (continued)

assumptions and estimates. The most significant of these estimates relates to the estimation of the fair value of GIK, the allocation of joint costs, and the allowance for uncollectible promises to give. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Income taxes - The Organization is a not-for-profit organization and a public charity, as described in Section 501(c)(3) and 509(a) of the Internal Revenue Code, and exempt from Federal income taxes, except that unrelated business income is taxable. The Organization had no unrelated business income tax during the year ended December 31, 2014.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Organization is no longer subject to income tax examinations for the years prior to 2011.

Comparative data - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013 from which the summarized information was derived.

(2) Concentrations of risk

Financial instruments, which potentially subject the Organization to concentrations of risk, consist principally of cash and support from major contributors.

Cash - As of December 31, 2014, the Organization had cash balances of \$6,833,058 in excess of federally insured limits. The Organization maintains its cash with high quality financial institutions which the Organization believes limits its risks.

Support from major contributors - The Organization received approximately 49% of total support and revenue from three donors during 2014. These contributions were in the form of donated goods.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(3) Promises to give

At December 31, 2014, unconditional promises to give consist of the following:

Receivable in less than one year	\$	639,878
Receivable in one to five years		594,888
Receivable in more than five years		<u>67,296</u>
Total promises to give		1,302,062
Less: allowance for uncollectible promises to give		(400,000)
Less: discount to present value		<u>(12,912)</u>
Net promises to give	\$	<u><u>889,150</u></u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.1%.

(4) Property, building and equipment

At December 31, 2014, property, building and equipment consist of the following:

		<u>Estimated Useful Lives</u>
Land	\$ 6,140,388	-
Land improvements	659,831	20 years
Building	9,927,703	40 years
Furniture and fixtures	696,820	7 years
Equipment	2,020,965	5-10 years
Vehicles	<u>283,008</u>	5 years
	19,728,715	
Less: accumulated depreciation	<u>4,342,596</u>	
Total property, building and equipment, net	<u><u>\$ 15,386,119</u></u>	

Depreciation expense for the year ended December 31, 2014 was \$535,655.

On December 23, 2014, the Organization entered into contract for the sale of a parcel of vacant land, which is part of the Organization's facility in Coconut Creek, Florida, for a purchase price of \$1 million per acre. Pursuant to the contract, the transaction is expected to close in June 2015, and the Organization is expected to realize a gain on disposal.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(5) Gift annuities

The Organization entered into several gift annuity agreements, which provided for unrestricted cash of approximately \$88,000 at December 31, 2014 and called for the Organization to make fixed annual payments to the donors in future years. The Organization entered into agreements with two top rated insurance companies whereby the insurance companies would assume the annuity payment liability. The liability represents the present value of the future payouts using an average discount rate of 2.20%. The Organization pays the insurance company the present value of the annuities.

The Organization remains contingently liable for the future payments on the gift annuities in the event that the insurance company defaults on the payments. As of December 31, 2014, the Organization was contingently liable for reinsured gift annuities totaling approximately \$6,562,000.

(6) Line of credit

The Organization has a revolving line of credit of \$6 million with a bank for the issuance of commercial letters of credit and direct advances for short-term working capital needs. Interest is charged at one-month LIBOR plus 1.75% (for an effective rate of 1.91% at December 31, 2014) and is payable monthly. The Organization must repay all amounts outstanding during the period from January 1 through February 28. From March 1 through August 10, 2015 (the maturity date) the maximum outstanding borrowings permitted under the agreement is \$4 million, and from September 1 through December 31, the Organization may borrow up to \$6 million. There were no direct or contingent liabilities on the line of credit as of December 31, 2014. The line of credit is secured by substantially all assets of the Organization, except for the corporate headquarters and warehouse.

(7) Long-term debt

The Organization has a mortgage note payable with a bank with fixed monthly principal payments of \$60,341 plus interest at one-month LIBOR plus 1.47% (effective rate of 1.62% at December 31, 2014). The mortgage is collateralized by the corporate headquarters, land and warehouse in Coconut Creek, Florida and matures in 2016. The maturities schedule of the mortgage note payable is as follows:

<u>Years Ending December 31,</u>	
2015	\$ 724,092
2016	<u>181,019</u>
	<u>\$ 905,111</u>

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(8) Net assets

To help fulfill its mission, the Organization establishes projects throughout the year. These non-contractual programs are budgeted and are funded over the course of the year. However, funding for some of these projects may extend beyond the year end. At each year end, the Organization reports the unexpended portion of the project budgets as net assets designated for special projects. The balance to be apportioned based on these project budgets as of December 31, 2014 was \$8,965,435 and will be categorized as goods and aid supplied in the statement of activities.

Temporarily restricted net assets are available for the following as of December 31, 2014:

Promises to give	\$ 889,150
Goods and aid	<u>41,938</u>
Total temporarily restricted net assets	<u><u>\$ 931,088</u></u>

Temporarily restricted net assets were released from restrictions during the year ended December 31, 2014 for the following purposes:

Satisfactions of promises to give	\$ 1,437,761
Goods and aid distributed	<u>96,083</u>
Total net assets released from restrictions	<u><u>\$ 1,533,844</u></u>

(9) Related parties and other organizations

Associated charities - The Organization is associated with three charities. These charities were established with the name "Food for the Poor – "country name" and are based in Jamaica, Haiti and Guyana. Each of the charities operates distribution centers in their base country. The Organization has no ownership or voting interest in these charities. In 2014, the Organization made distributions of \$197,379,090 to these associated charities.

Related charities - The Organization distributes goods through various charities in which some board members hold executive positions. In 2014, the Organization made distributions of \$4,215,786 through these related charities.

Distributions - Goods and aid supplied in the accompanying statement of activities includes the distributions made to associated and related charities totaling \$201,594,876, of which \$19,431,216 was cash and \$182,163,660 was goods.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(10) 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, 2014. 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.

(11) Retirement plan

The Organization maintains a 403(b)(7) ERISA Title 1 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 2014, the Organization contributed \$317,951 to this plan all of which is included in accrued expenses. The assets of the 403(b)(7) Plan are the property of the Plan's participants and their beneficiaries; therefore, the assets of this plan are not included in the accompanying financial statements.

(12) Allocation of joint costs

For 2014, the Organization had joint costs of \$12,004,467 of which \$6,389,635 was allocated to educational and program activities, \$4,604,225 was allocated to fundraising activities and \$1,010,607 was allocated to administrative activities.

(13) Subsequent events

Management has evaluated subsequent events through March 30, 2015, which is the date that the financial statements were available to be issued, and has determined that no disclosure or adjustment was needed to the financial statements.