
Feed the Children, Inc.

Consolidated Financial Report
June 30, 2025

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Independent Auditor's Report

To the Board of Directors
Feed the Children, Inc.

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Feed the Children, Inc. and its subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025 and 2024 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Feed the Children, Inc.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Organization'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 the Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

December 3, 2025

Consolidated Statement of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 1,611,846	\$ 2,478,010
Investments (Note 10)	37,769,402	42,565,065
Contributions receivable (Note 4)	7,124,682	7,968,967
Inventory - Net of allowances	73,739,754	104,035,130
Grants receivable	352,163	48,536
Accounts receivable	423,156	434,075
Prepaid expenses and other assets	2,657,927	2,961,541
Property and equipment - Net (Note 5)	23,040,075	25,456,830
Total assets	\$ 146,719,005	\$ 185,948,154
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 5,131,717	\$ 5,125,704
Liability under split-interest agreements (Note 2)	341,681	369,125
Notes payable (Note 7)	2,042,326	2,767,953
Total liabilities	7,515,724	8,262,782
Net Assets		
Without donor restrictions: (Note 8)		
Available for operations	77,409,731	107,486,732
Investment in property and equipment - Net of note payable	20,997,749	22,688,877
Board designated	21,471,955	30,321,103
Total without donor restrictions	119,879,435	160,496,712
With donor restrictions (Note 8)	19,323,846	17,188,660
Total net assets	139,203,281	177,685,372
Total liabilities and net assets	\$ 146,719,005	\$ 185,948,154

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Losses), and Other Support						
Contributions	\$ 35,737,775	\$ 13,728,896	\$ 49,466,671	\$ 36,220,144	\$ 12,645,193	\$ 48,865,337
Gifts-in-kind donations (Note 11)	326,291,151	3,873,014	330,164,165	346,645,866	6,313,322	352,959,188
Federal grants (Note 2)	3,505,964	-	3,505,964	6,775,595	-	6,775,595
Investment gain - Net of investment fees	4,183,059	-	4,183,059	4,459,867	-	4,459,867
Other revenue	191,322	-	191,322	347,013	-	347,013
Foreign exchange loss	(507,343)	-	(507,343)	(720,550)	-	(720,550)
Transportation service revenue	2,951,971	-	2,951,971	2,472,854	-	2,472,854
Total revenue, gains, and other support	372,353,899	17,601,910	389,955,809	396,200,789	18,958,515	415,159,304
Net assets released from restrictions	15,466,724	(15,466,724)	-	24,943,949	(24,943,949)	-
Total revenue, gains, other support, and net assets released from restrictions	387,820,623	2,135,186	389,955,809	421,144,738	(5,985,434)	415,159,304
Expenses						
Program services:						
United States - Food and essentials procurement and distribution	293,382,807	-	293,382,807	324,833,892	-	324,833,892
United States - Hunger relief and poverty alleviation	39,978,800	-	39,978,800	24,291,336	-	24,291,336
International programs	52,305,678	-	52,305,678	44,198,381	-	44,198,381
Total program services	385,667,285	-	385,667,285	393,323,609	-	393,323,609
Support services:						
Management and general	16,655,086	-	16,655,086	15,213,970	-	15,213,970
Fundraising	23,068,275	-	23,068,275	21,297,029	-	21,297,029
Total support services	39,723,361	-	39,723,361	36,510,999	-	36,510,999
Transportation service expense	3,047,254	-	3,047,254	2,693,510	-	2,693,510
Total expenses	428,437,900	-	428,437,900	432,528,118	-	432,528,118
(Decrease) Increase in Net Assets	(40,617,277)	2,135,186	(38,482,091)	(11,383,380)	(5,985,434)	(17,368,814)
Net Assets - Beginning of year	160,496,712	17,188,660	177,685,372	171,880,092	23,174,094	195,054,186
Net Assets - End of year	\$ 119,879,435	\$ 19,323,846	\$ 139,203,281	\$ 160,496,712	\$ 17,188,660	\$ 177,685,372

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services			Nonprogram Services	Support Services		
	United States - Food and Essentials Procurement and Distribution	United States - Hunger Relief and Poverty Alleviation	International Programs	Transportation Service Expense	Management and General	Fundraising	Total
Food and other necessities	\$ 282,893,719	\$ 37,196,405	\$ 44,625,432	\$ -	\$ -	\$ -	\$ 364,715,556
Salaries and benefits	5,826,401	1,302,094	4,647,499	1,442,902	10,473,856	5,079,502	28,772,254
Grants and other assistance	179,353	-	217,488	-	-	-	396,841
Contract services	92,366	-	396,717	-	1,600,320	1,595,058	3,684,461
Fuel and licensing	587,550	152,791	36,549	603,300	-	-	1,380,190
Insurance	535,558	169,277	51,989	127,646	338,589	32,255	1,255,314
Travel	144,916	101,009	347,336	15,708	184,249	160,968	954,186
Supplies	178,506	14,157	74,633	7,336	31,481	31,680	337,793
Equipment	22,215	52,811	94,513	2,680	75,202	337,888	585,309
Information technology	28,418	7,641	47,620	10,037	2,232,086	128,131	2,453,933
Repair and maintenance	725,672	231,048	336,277	184,997	178,505	59,406	1,715,905
Telephone	30,999	10,354	97,343	4,484	134,211	580	277,971
Occupancy, property, and other taxes	270,626	89,815	370,341	20,100	81,617	25,403	857,902
Office and other	159,979	114,209	349,699	20,703	644,644	272,592	1,561,826
Postage	5,351	1,072	13,912	37	17,439	519,268	557,079
Legal and accounting	51,717	19,153	345,905	30,807	486,119	154,246	1,087,947
Interest	67,273	17,494	3,707	69,076	80,992	-	238,542
Depreciation	1,582,188	499,470	248,718	507,441	95,776	38,076	2,971,669
Direct mail	-	-	-	-	-	4,711,441	4,711,441
Direct mail postage	-	-	-	-	-	3,686,902	3,686,902
Sponsorship	-	-	-	-	-	3,821,829	3,821,829
Digital and other fundraising	-	-	-	-	-	2,413,050	2,413,050
Total functional expenses	<u>\$ 293,382,807</u>	<u>\$ 39,978,800</u>	<u>\$ 52,305,678</u>	<u>\$ 3,047,254</u>	<u>\$ 16,655,086</u>	<u>\$ 23,068,275</u>	<u>\$ 428,437,900</u>

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services			Nonprogram Services	Support Services		
	United States - Food and Essentials Procurement and Distribution	United States - Hunger Relief and Poverty Alleviation	International Programs	Transportation Service Expense	Management and General	Fundraising	Total
Food and other necessities	\$ 315,124,422	\$ 21,356,699	\$ 34,919,810	\$ -	\$ -	\$ -	\$ 371,400,931
Salaries and benefits	5,693,776	1,365,550	5,024,787	1,289,137	8,898,139	4,682,809	26,954,198
Grants and other assistance	100	-	380,859	-	-	-	380,959
Contract services	30,121	-	351,382	-	1,492,284	1,480,400	3,354,187
Fuel and licensing	428,247	377,152	10,652	581,102	-	-	1,397,153
Insurance	465,519	158,831	50,527	124,739	344,246	21,813	1,165,675
Travel	96,639	90,297	866,296	18,506	102,728	133,806	1,308,272
Supplies	128,701	19,819	254,759	10,821	36,925	47,421	498,446
Equipment	43,240	36,341	113,707	818	103,930	154,932	452,968
Information technology	107,027	15,566	42,396	13,912	2,179,529	118,370	2,476,800
Repair and maintenance	722,133	230,834	356,125	179,347	238,240	96,697	1,823,376
Telephone	33,248	8,971	113,320	3,899	129,622	638	289,698
Occupancy, property, and other taxes	295,062	70,131	479,561	20,811	88,088	28,945	982,598
Office and other	90,283	13,695	563,519	2,423	877,734	214,067	1,761,721
Postage	12,737	2,809	13,102	2,542	31,737	521,758	584,685
Legal and accounting	70,537	20,659	431,611	24,843	535,553	50,414	1,133,617
Interest	36,543	32,178	911	49,578	73,191	7	192,408
Depreciation	1,455,557	491,804	225,057	371,032	82,024	35,087	2,660,561
Direct mail	-	-	-	-	-	5,312,458	5,312,458
Direct mail postage	-	-	-	-	-	4,072,066	4,072,066
Sponsorship	-	-	-	-	-	2,029,458	2,029,458
Digital and other fundraising	-	-	-	-	-	2,295,883	2,295,883
Total functional expenses	<u>\$ 324,833,892</u>	<u>\$ 24,291,336</u>	<u>\$ 44,198,381</u>	<u>\$ 2,693,510</u>	<u>\$ 15,213,970</u>	<u>\$ 21,297,029</u>	<u>\$ 432,528,118</u>

Consolidated Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Decrease in net assets	\$ (38,482,091)	\$ (17,368,814)
Adjustments to reconcile decrease in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	3,068,510	2,917,546
Gain on disposal of property and equipment	(6,350)	(2,000)
Net unrealized and realized gain on investments	(3,497,831)	(3,394,076)
Annuity actuarial change	(27,444)	(13,195)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	10,919	5,376,638
Contributions and grants receivable	540,658	7,934,119
Inventory	30,295,376	6,542,978
Prepaid expenses and other assets	206,782	(58,181)
Accounts payable and accrued liabilities	6,013	1,081,157
Net cash and cash equivalents (used in) provided by operating activities	(7,885,458)	3,016,172
Cash Flows from Investing Activities		
Purchases of investments	(885,274)	(5,389,549)
Proceeds from sales and maturities of investments	9,178,768	1,200,000
Purchases of property and equipment	(548,573)	(2,658,019)
Proceeds from disposition of property and equipment	-	286,043
Net cash and cash equivalents provided by (used in) investing activities	7,744,921	(6,561,525)
Cash Flows from Financing Activities		
Proceeds from notes payable	-	1,838,850
Payments on notes payable	(725,627)	(945,118)
Net cash and cash equivalents (used in) provided by financing activities	(725,627)	893,732
Net Decrease in Cash and Cash Equivalents	(866,164)	(2,651,621)
Cash and Cash Equivalents - Beginning of year	2,478,010	5,129,631
Cash and Cash Equivalents - End of year	\$ 1,611,846	\$ 2,478,010
Supplemental Cash Flow Information - Cash paid for interest	\$ 157,550	\$ 119,200

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 1 - Nature of Business

Feed the Children, Inc. (the "Organization") is a humanitarian relief organization that provides services throughout the United States and internationally. The Organization was originally incorporated as an Oklahoma nonprofit on October 12, 1964 and strategically focused its mission on feeding children in 1979.

The Organization is committed to ending childhood hunger in the U.S. and around the world. By mobilizing communities and supporters to take action, Feed the Children, Inc. delivers food and resources to children and families where and when they are needed most. The Organization is building a global movement united to create a world where no child goes to bed hungry. By joining together, Feed the Children, Inc. can meet the urgent needs of hungry children today and nourish their future strength and potential, empowering every child to survive and thrive. Across the United States, the Organization provides food and distributes household and personal care items that provide dignity and nurture confidence while helping families stretch their household budgets further. Internationally, they expand access to nutritious meals, safe water, improved hygiene, and training in sustainable living. Feed the Children, Inc. believes that having enough to eat is a fundamental right and that every child deserves the chance for a brighter future.

The Organization includes for-profit subsidiaries, FTC Transportation, Inc. (FTCT) and Friends That Care Holding Co. Ltd. (FTCHC), along with Feed the Children Philippines; Feed the Children Honduras; Feed the Children El Salvador; and its international operations in Malawi, Guatemala, Kenya, Tanzania, and Uganda, which receive substantial support under Feed the Children, Inc.'s global governance structure.

FTCT is a wholly owned for-profit subsidiary of Feed the Children, Inc. formed in 1986 to provide transportation services to Feed the Children, Inc. As the core carrier for Feed the Children, Inc., FTCT transports gifts-in-kind contributions from corporate donors to one of five Feed the Children, Inc. regional distribution centers located in Chandler, Arizona; La Vergne, Tennessee; Oklahoma City, Oklahoma; Elkhart, Indiana; and Bethlehem, Pennsylvania. FTCT also contracts with other third-party shippers and brokers for transportation services to help defray its costs.

FTCHC is a wholly owned for-profit subsidiary of Feed the Children, Inc. that was formed for the purpose of purchasing and holding land and property in Kenya as a furtherance of the Organization's mission in that country.

Feed the Children Philippines, Feed the Children Honduras, and Feed the Children El Salvador are wholly owned international subsidiaries of Feed the Children, Inc. and are part of Feed the Children, Inc.'s global program delivery platform. The costs of implementing and governing the global program delivery platforms are covered by funding raised by Feed the Children, Inc.

The Organization provides services throughout the United States and internationally through the following programs:

United States - Food and essentials procurement and distribution: In the United States, the Organization procures donated food, essential household items, and personal care items to distribute to families with children at risk of hunger. By providing these resources, the Organization helps families meet their immediate needs and reduce their household expenses so they can afford more food. The Organization's holistic efforts include product sourcing, supply chain, logistics, and delivery services. In collaboration with community partners across the country, the Organization strives to serve those families and communities disproportionately impacted by child hunger.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 1 - Nature of Business (Continued)

International programs: Feed the Children, Inc. fights child hunger by providing food, education, and vital resources to food-insecure communities in eight countries. Focusing on sustainable agriculture, health, and poverty reduction, and aligned with the U.N.'s Sustainable Development Goals, the Organization partners locally and leverages global support to create lasting change. The Organization's approach is household-centered, empowering families with the resources and opportunities needed for sustainable development and improving the lives of children and communities worldwide. Key initiatives include school feeding programs to combat malnutrition, agricultural training to improve food security, sanitation projects to ensure access to clean water and hygiene, and supporting families with the food and resources they need in the wake of disasters.

United States - Hunger relief and poverty alleviation: The Organization's programs in the United States meet families' immediate needs for food assistance and facilitate sustainable solutions to help ensure that no child goes to bed hungry. By mobilizing support from generous donors and partnering with local community organizations and schools, the Organization's programming focuses on achieving consistent impact for children and families to increase their access to food directly in the communities in which they live. Designed to overlap and contribute holistically to reducing hunger and food insecurity in targeted areas, these initiatives include Resource Rally food and essentials distribution events, Food & Essentials Hub, Summer Feed & Read, Backpack-N-Go programs, and the provision of food and resources in response to disasters.

Note 2 - Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the basis of accounting principles generally accepted in the United States (GAAP).

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization, including the accounts of Feed the Children, Inc.; FTCT; FTCHC; and all controlled international entities and offices. All material intercompany accounts and transactions have been eliminated in consolidation.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended at the discretion of the board of directors (the "Board") and/or management for any purpose in performing the primary objectives of the Organization. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for general expenditures. See Note 8 for more information regarding board-designated net assets.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, the net assets are reclassified to net assets without donor restrictions in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Contributions with restrictions that are fulfilled in the same time period in which the contribution is received are recorded as contributions without donor restrictions in the consolidated statement of activities and changes in net assets. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. For the years ended June 30, 2025 and 2024, the Organization had no endowments or donor-imposed restrictions that were perpetual in nature. See Note 8 for more information regarding the composition of net assets with donor restrictions.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

With respect to loss contingencies, the Organization records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. If it is determined that a loss is reasonably possible, and the loss or range of loss can be estimated, the possible loss is disclosed. See Note 12 for more information regarding potential losses.

Foreign Currency Translation

Assets and liabilities of the international operations are translated into U.S. dollars at the rate of exchange in effect at the close of the period. Income and expenses are translated at an average rate of exchange for the period. The aggregate effect of translating the financial statements is included in other revenue on the consolidated statement of activities and changes in net assets.

Cash and Cash Equivalents

The Organization has cash deposits with several financial institutions that typically exceed U.S. federally insured limits. To date, the Organization has not experienced any losses on these accounts. At June 30, 2025 and 2024, the Organization held \$635,323 and \$1,106,690, respectively, in foreign bank accounts not covered by the Federal Deposit Insurance Corporation. Highly liquid investment instruments with original maturities of three months or less, except those specifically designated for long-term investment purposes, are considered to be cash equivalents. There were no investment instruments classified as cash equivalents at June 30, 2025 and 2024.

Accounts Receivable

The Organization's accounts receivable balance primarily consists of amounts due from its customers for transportation services. Accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Organization collectively evaluates trade receivables to determine the allowance for credit losses based on historical cash collection rates and the size and reputation of its customers. The Organization calculates the allowance using an expected loss model that considers the Organization's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Organization considers its customer base as well as any applicable adverse communication received from specific customers that would impact payment when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received.

Contributions Receivable

Unconditional promises to give cash are recorded at net present value, using estimated discount rates market participants would require applicable to the year in which the promise is received. Amortization of the discounts related to pledges receivable is recognized over the period of the promise as contribution revenue.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Unconditional promises to give donations of food, medical supplies, clothing, and other materials (collectively, gifts in kind) for use in the Organization's programs are recognized in the period sufficient verifiable evidence exists documenting a promise was made by the donor and received by the Organization. Such gifts are recorded at their fair value (see *Revenue Recognition*). Gifts-in-kind receivable from two donors represented approximately 67 percent of total contributions receivable at June 30, 2024.

Grants receivable consist of amounts due from the United States Agency for International Development (USAID) under cost-reimbursement grants (see *Revenue Recognition*). Amounts receivable under these grants were \$352,163 and \$48,536 at June 30, 2025 and 2024, respectively.

Investments

Investments in mutual funds and United States Treasury securities with readily determinable fair values are reported at fair value (see Note 10). Life insurance policies are recorded at their cash surrender value. Certain other investments, including cash held for investment in money market accounts, are carried at cost, which approximates fair value.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the financial statements.

Interest, dividends, and net realized and unrealized gains and losses, less investment management fees, are reflected as investment income in the accompanying consolidated statement of activities and changes in net assets. Realized and unrealized gains and losses on investments are recognized for changes in fair value between periods or when related securities are sold. Interest and dividends are recognized when earned. Investment transactions are recognized on a trade-date basis.

Inventory

Purchased inventory is recorded at the lower of cost or market or net realizable value. Donated inventory is recorded at the fair value of the donated goods at the date of donation based upon the estimated wholesale value of gifts received (see *Contributed Nonfinancial Assets*). Donated inventory is intended for distribution to qualified organizations only and is not available for sale. At June 30, 2025 and 2024, the Organization held \$7,719,195 and \$5,852,268, respectively, of inventory in international locations, with approximately \$7,662,000 and \$5,550,000 located in Malawi. A loss is recognized for the decrease in value of any slow-moving inventory. Inventory is reported net of an allowance for obsolescence of \$157,683 and \$361,733 at June 30, 2025 and 2024, respectively.

Prepaid Expenses and Other Assets

Certain payments reflect costs applicable to future periods. Prepaid expenses and other assets include certain prepaid direct mail costs, which are expensed upon mailing.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value on the date of the donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Expenditures for betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Gifts of property are presented as unrestricted support unless explicit donor restrictions specify how the donated assets must be used. Property donated with restrictions regarding their use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations about how long these assets must be maintained, these restrictions expire when the asset is acquired and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time.

Split-interest Agreements

The Organization maintains a charitable gift annuity program where donors contribute assets in exchange for the right to receive a fixed dollar annual return during their lifetimes. The present value of the estimated future payments at June 30, 2025 and 2024 is \$341,681 and \$369,125, respectively. These estimated future payments are included in the liability for split-interest agreements in the consolidated statement of financial position.

Revenue Recognition

The Organization recognizes cash and gifts-in-kind contributions from individuals and domestic and multinational organizations. These contributions, including unconditional promises to give, are recognized as revenue when the donor's unconditional commitment is received.

Certain projects of the Organization are funded primarily by grants from USAID. Conditional promises to give are not recognized as revenue until barriers prescribed by the grant agreements/pledge agreements are overcome. As of June 30, 2025 and 2024, there is a conditional contribution not recorded on the accompanying financial statements relating to a commitment from one donor to provide a monthly average of 93,333 bags of a specialty formulated, nutrient-enriched grain blend over the life of the commitment, which is expected to end in June 2027. The barrier to overcome has been determined to be the fact that the bags have not been manufactured yet and do not exist. The fair market value of the commitment was approximately \$156,799,000, and the remaining balance of the commitment as of June 30, 2025 and 2024 is approximately \$94,042,000 and \$114,768,000, respectively. Revenue from grants is deemed earned and recognized in the consolidated statement of activities and changes in net assets when expenditures are made for the purposes specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue. No deferred revenue for grants is recorded as of June 30, 2025 and 2024. The Organization had a major federal program ongoing during the year in Malawi funded from a USAID grant awarded during the year ended June 30, 2022 in the amount of \$23,000,000, which is considered a conditional contribution. The award was terminated during the first quarter of 2025 due to significant changes and reductions in USAID funding. The Organization has completed all obligations required of the recipient, and the award is considered recipient-closed and is awaiting USAID's final administrative closeout letter. Cumulative federal expenditures relating to this program were approximately \$13,525,000 and \$10,609,000 as of June 30, 2025 and 2024, respectively. Total grant revenue recognized from all federal grants was \$3,505,964 and \$6,775,595 for the years ended June 30, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Contributed Nonfinancial Assets

Donated items received by the Organization and used in its programs have been reflected in the financial statements at their estimated fair values at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. The Organization receives donations of several categories of products, including food, beverages, and nutrition; hygiene and home essentials; books, educational supplies, and essentials; eyeglasses, health, and medical supplies; and other assorted goods for use in its programs (collectively, gifts in kind). These donations are recorded 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, considering their condition and utility for use at the time the goods are donated. Several methodologies are used in the determination of estimated wholesale value that are described in Note 11. These amounts have been reported as gifts-in-kind donations when received and included in associated program expenses when distributed on the consolidated statement of activities and changes in net assets. See Note 11 for further details.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). International subsidiaries and offices are domiciled in their respective countries of operations. With the exception of FTCHC, other international subsidiaries and offices are organized as nonprofit entities and are exempt from income taxes in their respective countries. The Organization is subject to U.S. federal income tax on any unrelated business taxable income; however, such activity is limited, and, therefore, no provision for income taxes has been made in the financial statements. FTCHC is a for-profit holding company for land and property in Kenya and may be subject to country and local income tax; however, such taxes are not significant to the financial statements.

FTCT is a U.S. for-profit corporation for which the Organization recognizes third-party transportation service revenue, which is subject to federal income taxes. Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are recognized for the tax effects of differences between the consolidated financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

Functional Allocation of Expenses

Costs of program and support services have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Expenses have been allocated among program services and supporting activities classifications on the basis of direct and indirect cost allocations. Salaries and related benefits are allocated among program services and supporting activities on the basis of employee departmental job function. Food and other necessities are allocated to programs based upon the nature of the product provided and the program benefited. Other expense categories include both direct and allocated expenses. Direct costs are expenses that directly benefit that particular classification. Allocated costs are expenses attributable to more than one program or supporting function and are allocated among program services and supporting activities on the basis of the direct salary allocations.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 3, 2025, which is the date the financial statements were available to be issued.

Reclassification

Certain 2024 program expenses and net asset purpose restrictions have been reclassified to conform to the 2025 presentation. Total program expenses and donor restricted net assets did not change as a result of this reclassification.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions:

	2025	2024
Cash and cash equivalents	\$ 1,611,846	\$ 2,478,010
Accounts and grants receivable	775,319	482,611
Cash contributions receivable	3,251,668	2,870,896
Investments	37,769,402	42,565,065
Financial assets - At year end	43,408,235	48,396,582
Less those unavailable for general expenditures within one year due to:		
Amounts restricted by donors with purpose restrictions - Restricted by donor with time or purpose restrictions	8,600,231	5,114,746
Board designations included within investments	19,229,885	27,504,652
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,578,119</u>	<u>\$ 15,777,184</u>

The Organization regularly monitors liquidity required to meet its general operating needs while also striving to maintain sufficient reserves to meet operating needs during periods of uncertainty and to assure longer-term commitments will continue to be met. The Organization's strategy is to operate within a balanced budget that anticipates collecting sufficient revenue to cover general expenditures. Revenue available to meet general expenditures includes all revenue, gains, and other support generated from ongoing operations but excludes proceeds from the sale of investments or assets held for sale, unless authorized by the Board, and excludes gifts-in-kind donations.

The Board has designated certain assets as reserves to provide assurance that long-term commitments and obligations will continue to be met and ensure sustainability of the Organization. Board-designated assets include investments of \$21,130,171 and \$29,979,319 and assets held for sale of \$341,784 as of June 30, 2025 and 2024, respectively. Liquidation of these assets and any proceeds from sale may only be approved and spent at the discretion of the Board.

The Board meets annually to review and approve the annual budget prepared by management. Board-designated financial assets may be earmarked for inclusion in the annual budget when deemed necessary, at the discretion of, and approval by, the Board. For the years ended June 30, 2025 and 2024, approximately \$8,039,000 and \$7,471,000, respectively, of investments was authorized for general expenditures and strategic initiatives by the Board.

In addition to board-designated net assets that could be made available for current operations upon approval from the Board (see Note 8), the Organization maintains a line of credit of \$6,000,000 that is available to help manage seasonal liquidity needs (see Note 6).

Note 4 - Contributions Receivable

Included in contributions receivable are several unconditional promises to give consisting of cash and gifts in kind generated from corporate and individual donors expected to be collected within one year. No allowance was recorded against receivables as of June 30, 2025 and 2024:

	2025	2024
Gifts-in-kind receivable	\$ 3,873,014	\$ 5,098,071
Cash contributions receivable	3,251,668	2,870,896
Total contributions receivable	<u>\$ 7,124,682</u>	<u>\$ 7,968,967</u>

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2025	2024	Depreciable Life - Years
Land	\$ 4,290,985	\$ 4,270,386	-
Buildings and improvements	28,073,309	27,869,387	5-40
Furniture, fixtures, and equipment	8,758,799	8,664,037	3-5
Vehicles	2,534,381	2,322,441	3-7
Transportation equipment	6,801,752	6,801,752	3-7
Total cost	50,459,226	49,928,003	
Accumulated depreciation	27,419,151	24,471,173	
Net property and equipment	<u>\$ 23,040,075</u>	<u>\$ 25,456,830</u>	

Depreciation expense for 2025 and 2024 was \$2,971,669 and \$2,660,561, respectively.

Net investment in property and equipment consists of the following at June 30:

	2025	2024
Net property and equipment	\$ 23,040,075	\$ 25,456,830
Less related note payable	(2,042,326)	(2,767,953)
Total	<u>\$ 20,997,749</u>	<u>\$ 22,688,877</u>

At June 30, 2025 and 2024, the Organization had net property and equipment located in foreign jurisdictions of \$2,702,858 and \$2,847,849, respectively.

Note 6 - Line of Credit

Under a revolving line of credit agreement with its investment custodial bank, the Organization has available borrowings of \$6,000,000. Any borrowings under the facility are due on demand and are secured by the Organization's investment securities. The line of credit provides for two interest rate options at the discretion of the Organization: the prime rate plus 0.75 percent, payable monthly, or the one-month SOFR plus 1.6 percent when the outstanding principal balance is less than \$1,000,000, 1.35 percent when the outstanding principal balance is less than \$5,000,000, and 1.10 percent when the outstanding principal balance is greater than \$5,000,000, payable at the end of each interest period. There were no borrowings against the line of credit at June 30, 2025 and 2024.

Note 7 - Notes Payable

Notes payable at June 30, 2025 and 2024 are as follows:

	2025	2024
FTCT notes payable to Daimler Chrysler, collateralized by certain transportation equipment of FTCT, maturity dates ranging from August 2024 to May 2029 with principal and interest payable monthly, interest ranging from 3.97 percent to 7.67 percent as of June 30, 2025 and 2024	\$ 2,042,326	\$ 2,767,953

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 7 - Notes Payable (Continued)

Future maturities of notes payable at June 30, 2025 are as follows:

Years Ending	Amount
2026	\$ 747,919
2027	622,479
2028	372,098
2029	299,830
Total	<u>\$ 2,042,326</u>

Note 8 - Net Assets

Net assets without donor restrictions consist of the following as of June 30:

	2025	2024
Board-designated net assets:		
Investments	\$ 21,130,171	\$ 29,979,319
Assets held for sale	<u>341,784</u>	<u>341,784</u>
Total board-designated net assets	21,471,955	30,321,103
Available for operations	77,409,731	107,486,732
Investment in property and equipment - Net of note payable	<u>20,997,749</u>	<u>22,688,877</u>
Total	<u>\$ 119,879,435</u>	<u>\$ 160,496,712</u>

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2025	2024
Subject to expenditures for a specified purpose:		
United States - Food and essentials procurement and distribution	\$ 3,598,933	\$ 4,108,344
United States - Hunger relief and poverty alleviation	6,246,903	1,360,276
International programs	<u>2,353,328</u>	<u>3,751,073</u>
Total subject to expenditures for a specified purpose	12,199,164	9,219,693
Time restricted - Contributions receivable:		
Gifts-in-kind receivable	3,873,014	5,098,071
Cash contributions receivable	<u>3,251,668</u>	<u>2,870,896</u>
Total time restricted	<u>7,124,682</u>	<u>7,968,967</u>
Total	<u>\$ 19,323,846</u>	<u>\$ 17,188,660</u>

Note 9 - Employee Benefits

The Organization provides retirement benefits to employees under two separate qualified defined contribution plans. The plans cover all full-time employees and part-time employees that meet plan requirements. Feed the Children, Inc. and FTCT have separate qualified defined contribution plans: a 403(b) plan and a 401(k) plan for eligible employees. Employee contributions are matched in accordance with the provisions of each plan. For the years ended June 30, 2025 and 2024, collective contributions to the plans were \$770,763 and \$584,480, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 10 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the Organization to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025				
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Investments:				
Mutual funds - Fixed income	\$ 9,436,900	\$ -	\$ -	\$ 9,436,900
Mutual funds - Equity	24,236,283	-	-	24,236,283
U.S. Treasury securities	-	696,324	-	696,324
Total investments	<u>\$ 33,673,183</u>	<u>\$ 696,324</u>	<u>\$ -</u>	<u>\$ 34,369,507</u>
Assets Measured at Fair Value on a Recurring Basis at June 30, 2024				
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Investments:				
Mutual funds - Fixed income	\$ 9,203,059	\$ -	\$ -	\$ 9,203,059
Mutual funds - Equity	23,347,921	-	-	23,347,921
U.S. Treasury securities	-	2,432,662	-	2,432,662
Total investments	<u>\$ 32,550,980</u>	<u>\$ 2,432,662</u>	<u>\$ -</u>	<u>\$ 34,983,642</u>

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 10 - Fair Value Measurements (Continued)

Not included in the table above, the Organization had \$1,380,807 and \$5,457,869 of money market accounts and \$2,019,088 and \$2,123,554 of key man life insurance policies as of June 30, 2025 and 2024, respectively.

The fair value of U.S. Treasury securities at June 30, 2025 and 2024 was determined primarily based on Level 2 inputs. The Organization estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models, and other pricing models.

Note 11 - Gifts-in-kind Donations

Gifts-in-kind donations recognized within the consolidated statement of activities and changes in net assets consisted of the following for the years ended June 30:

	2025	2024
Food, beverages, and nutrition	\$ 141,744,584	\$ 153,127,148
Hygiene and home essentials	81,087,094	83,949,480
Books, educational supplies, and essentials	4,411,037	7,964,403
Eyeglasses and health and medical supplies	28,820,795	41,954,002
Other assorted goods	74,100,655	65,964,155
Total	<u>\$ 330,164,165</u>	<u>\$ 352,959,188</u>

The Organization receives donations of mission-related food and other necessities for use in its programs throughout the United States and internationally. Categories of mission-related products include food, beverages, and nutrition; eyeglasses and health and medical supplies; books, education supplies, and essentials; hygiene and home essentials; and other assorted goods. Other assorted goods are primarily made up of assorted hygiene and essentials, office supplies, toys, and cleaning supplies. Management has determined to categorize these as other assorted goods based on the method of tracking inventory within the inventory management system. These donations are recorded at their estimated fair values based upon the Organization's estimate of the wholesale values that would be received for selling the goods in their principal market, considering their condition and utility for use at the time the goods are donated. For all categories of donated mission-related food and other necessities, several methodologies are used in the determination of estimated wholesale value, including wholesale values provided by the donor, published industry pricing guides, internally researched values, internal average values for like-kind items, and estimates of discounts from retail to approximate wholesale.

Donations of mission-related food and other necessities are valued based upon the estimated wholesale value that would be received in their principal market. Donations of gifts in kind whose principal market is the United States are valued at their estimated wholesale value in the United States. Donations of gifts in kind whose principal markets are outside the United States are valued based upon the estimated wholesale market value within the country that represents the principal market for the donation. Regardless of the methodology, the condition and utility for use of the donated materials is taken into account for valuation purposes.

All categories of products may be used in the United States food and essentials procurement and distribution program and the United States hunger relief and poverty alleviation program. Food and nutritional items are utilized in the international programs.

For the years ended June 30, 2025 and 2024, gifts-in-kind donations from 19 and 16 donors represented approximately 63 and 61 percent, respectively, of total gifts-in-kind revenue.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 11 - Gifts-in-kind Donations (Continued)

The total gifts-in-kind donations with purpose restrictions as of June 30, 2025 and 2024 were \$3,598,933 and \$4,104,947, respectively. The total time-restricted donations as of June 30, 2025 and 2024 were \$3,873,014 and \$5,098,071, respectively. Additionally, the Organization does not sell gifts-in-kind donations and only distributes goods for program use.

Note 12 - Contingencies

The Organization is involved in various legal matters arising in the ordinary course of business. After reviewing these matters with counsel, management does not believe any resulting liability will be material to the financial statements taken as a whole.

Note 13 - Related Party Transactions

The Organization derives support from members of the board of directors. The Organization paid for consulting services from a board member totaling approximately \$462,000 for the year ended June 30, 2025. These services supported public education initiatives and outreach for the Organization's community service programs, including public service announcements, discounted marketing placements, and community meetings and events to expand their global movement to end childhood hunger. This relationship is no longer active as of August 31, 2025.