



Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2017
(with comparative totals for 2016)

FOOD FOR THE HUNGRY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Food for the Hungry
Phoenix, Arizona

We have audited the accompanying consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc., which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Food for the Hungry
Phoenix, Arizona

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc., as of September 30, 2017, and the changes in their net assets and 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 the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2016 and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Capin Crouse LLP

Colorado Springs, Colorado
February 27, 2018

FOOD FOR THE HUNGRY

Consolidated Statement of Financial Position

(with comparative totals for 2016)

	September 30,	
	2017	2016
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 16,346,150	\$ 9,988,303
Investments	18,504	333,283
Grants and other receivables	1,781,501	1,295,272
Prepaid expenses and other assets	3,902,227	2,345,451
	22,048,382	13,962,309
Annuity assets and reinsurance contract	1,248,622	408,201
Other long-term assets	215,047	88,220
Investment in affiliate companies	4,295,604	4,295,604
Land, buildings, and equipment, at cost—net	1,775,534	1,964,989
Child Vocational Scholarship Fund	1,255,248	1,150,827
	\$ 30,838,437	\$ 21,870,150
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,200,200	\$ 4,772,855
Deferred income	2,472,374	635,425
Loans payable—current portion	90,805	244,893
	7,763,379	5,653,173
Other long-term liabilities	1,241,774	1,164,557
Annuity obligations	420,416	220,957
Loans payable—net of current portion	66,479	156,774
	9,492,048	7,195,461
Net assets:		
Unrestricted:		
Undesignated	2,921,925	(2,037,492)
Investment in affiliate companies	4,295,604	4,295,604
Net investment in land, buildings, and equipment	1,618,250	1,653,322
	8,835,779	3,911,434
Temporarily restricted	12,010,610	10,263,255
Permanently restricted—Child Vocational Scholarship Fund	500,000	500,000
	21,346,389	14,674,689
Total Liabilities and Net Assets	\$ 30,838,437	\$ 21,870,150

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Activities

(with comparative totals for 2016)

	Year Ended September 30,				2016
	2017			Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT, REVENUE, AND OTHER:					
Cash contributions:					
Non-U.S. National Organizations	\$ 279,229	\$ 3,332,105	\$ -	\$ 3,611,334	\$ 2,915,099
Other governments	-	9,049,684	-	9,049,684	5,640,354
Other cash contributions	4,113,449	54,403,330	-	58,516,779	48,916,937
U.S. government grants	29,719,792	-	-	29,719,792	41,254,784
Investment income	240,731	-	-	240,731	167,152
Change in value of annuities	(9,100)	-	-	(9,100)	(36,394)
Other income (loss)	672,343	-	-	672,343	(142,571)
Noncash support and revenue:					
U.S. government commodities donated for distribution	15,014,153	-	-	15,014,153	22,753,429
Other donated commodities	12,638,388	-	-	12,638,388	7,251,340
Net assets released from restrictions	65,037,764	(65,037,764)	-	-	-
Total Support, Revenue, and Other	127,706,749	1,747,355	-	129,454,104	128,720,130
EXPENSES:					
Program ministries:					
Direct relief and development activities	100,442,113	-	-	100,442,113	102,547,876
Grants and contracts to other organizations	1,450,880	-	-	1,450,880	1,362,046
	<u>101,892,993</u>	<u>-</u>	<u>-</u>	<u>101,892,993</u>	<u>103,909,922</u>
Supporting services:					
Fund-raising	15,525,054	-	-	15,525,054	15,354,455
General and administrative	5,364,357	-	-	5,364,357	4,967,589
	<u>20,889,411</u>	<u>-</u>	<u>-</u>	<u>20,889,411</u>	<u>20,322,044</u>
Total Expenses	122,782,404	-	-	122,782,404	124,231,966
Change in Net Assets	4,924,345	1,747,355	-	6,671,700	4,488,164
Net Assets, Beginning of Year	3,911,434	10,263,255	500,000	14,674,689	10,186,525
Net Assets, End of Year	<u>\$ 8,835,779</u>	<u>\$ 12,010,610</u>	<u>\$ 500,000</u>	<u>\$ 21,346,389</u>	<u>\$ 14,674,689</u>

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Cash Flows (with comparative totals for 2016)

	Year Ended September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,671,700	\$ 4,488,164
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	484,308	482,412
Loss on disposal of fixed assets	121,501	-
Net realized and unrealized gains on investments	(179,920)	(117,909)
Changes in operating assets and liabilities:		
Grant and other receivables and grants payable	(486,229)	50,435
Prepaid expenses and other assets	(1,683,603)	(1,363,859)
Accounts payable, accrued expenses, and long-term liabilities	504,562	1,914,768
Deferred income	1,836,949	(125,158)
Net Cash Provided by Operating Activities	7,269,268	5,328,853
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed asset purchases	(416,354)	(370,644)
Investment purchases	(36,451)	(76,479)
Proceeds from sale of investments	384,103	36,453
Net Cash Used by Investing Activities	(68,702)	(410,670)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(244,383)	(2,585,123)
Proceeds from new debt	-	2,439,689
Annuity assets additions and payments	(598,336)	29,091
Net Cash Used by Financing Activities	(842,719)	(116,343)
Net Change in Cash and Cash Equivalents	6,357,847	4,801,840
Cash and Cash Equivalents, Beginning of Year	9,988,303	5,186,463
Cash and Cash Equivalents, End of Year	\$ 16,346,150	\$ 9,988,303
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 11,523	\$ 37,046
Gifts-in-kind and donated commodities received and distributed	\$ 12,638,388	\$ 6,219,511

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Functional Expenses

Year Ended September 30, 2017
(with comparative totals for 2016)

	Support Services			Total	2016 Total
	Program Ministries	Fund-raising	General and Administrative		
Grants to other organizations	\$ 1,108,030	\$ -	\$ -	\$ 1,108,030	\$ 1,186,240
Gift in kind to other organizations	342,850	-	-	342,850	175,806
Direct relief and development projects	58,135,035	-	-	58,135,035	64,204,920
Salaries and benefits	27,553,584	4,223,906	2,831,798	34,609,288	31,936,684
Professional services	2,068,787	545,537	306,495	2,920,819	3,306,786
Travel	6,845,148	447,945	81,165	7,374,258	5,671,279
Office expense	1,954,628	572,926	1,323,533	3,851,087	3,472,798
Occupancy	2,381,499	56,405	214,966	2,652,870	2,169,886
Depreciation	304,085	-	180,223	484,308	482,412
General information, education, and promotion	186,917	9,430,354	106	9,617,377	10,308,192
Other expenses	1,012,430	247,981	426,071	1,686,482	1,316,963
Total Expenses	\$ 101,892,993	\$ 15,525,054	\$ 5,364,357	\$ 122,782,404	
Year Ended September 30, 2016	\$ 103,909,922	\$ 15,354,455	\$ 4,967,589		\$ 124,231,966

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

1. NATURE OF ORGANIZATION:

Food for the Hungry, Inc. (FHUS) and FH Association share a common board and management structure responsible to operate both entities as Food for the Hungry (FH). With the existing financial interrelatedness of FHUS and FH Association, the organizations have elected to consolidate their financial statements as permitted under the *Consolidation* topic of the Financial Accounting Standards Board Accounting Standards Codification. Four additional independent national organizations, described below, provide support to FH Association but are excluded from these consolidated financial statements.

FHUS is a Christian international relief and development organization incorporated in the United States of America (California) on January 28, 1971.

FH Association is a not-for-profit international association chartered in Switzerland on November 23, 2006. FH Association operates in Bangladesh, Bolivia, Burundi, Cambodia, Democratic Republic of Congo, Dominican Republic, Ethiopia, Guatemala, Haiti, Indonesia, Kenya, Mozambique, Nicaragua, Peru, Philippines, Rwanda, South Sudan, Uganda, and other countries with smaller field operations.

Food for the Hungry Foundation, Inc. (FHF) was incorporated in the United States of America (Colorado) on August 14, 2003. FHF is organized and operated under the control and for the benefit of FHUS. For the years ended September 30, 2017 and 2016, Food for the Hungry Foundation, Inc. had total assets of \$101,792 and \$100,562 and total liabilities of \$77,886 and \$77,886, respectively.

Tax Status

FHUS and FHF are not-for-profit corporations in the United States of America, which are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and are also exempt from state income taxes. However, the organizations are subject to federal income taxes on any unrelated business taxable income. Each of these entities has been classified as publicly supported organizations, which are not private foundations, under Section 509(a) of the Code. Contributions by the public are deductible for income tax purposes. FH Association is recognized as a 501(c)(4) organization.

Operating Revenues

FH relies upon contributions, private grants from its cooperative national support organizations (see Affiliated Organizations below) and government funding in order to carry out its operations. FH's ability to continue functioning at its current level of operations is dependent upon its ability to generate similar future funding.

Programs

The vision of FH is to respond to God's call until all forms of human poverty are ended worldwide. This is achieved by FH following "God's call responding to human suffering and graduating communities from extreme poverty". The following programs are designed to fulfill this vision and mission:

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

1. NATURE OF ORGANIZATION, continued:

Child Sponsorship

Monthly sponsorship provides a child with access to nutritious food, clothing, medical care, educational supplies, and spiritual nourishment through community development programs. Because the programs are family and community based, gifts help the entire family and community.

Hunger Corps

FH provides opportunities to serve overseas through short-term or long-term assignments. Hunger Corps (modeled after the Peace Corps in the United States of America) works with indigenous FH organizations and partners to help them better serve the needs of people in their own communities.

Relief and Development

Emergency relief and rehabilitation, clean-water and sanitation projects, health education and intervention, agriculture development, income generation, life-skills training, and education programs are conducted.

Short-term Teams

Short-term teams provide opportunities for individuals, churches, and other organizations to participate in short-term work projects in impoverished communities around the world.

Gifts-in-Kind Services

Non-monetary donations, called “gifts-in-kind”, including but not limited to, food, seeds, clothing, medical supplies, and pharmaceuticals are sought and integrated in FH relief, rehabilitation, and development programs. These donations are matched with the needs of field locations as well as other agencies.

Awareness and Education

By providing information and advocating about issues and public policies surrounding poverty and implementing educational programs, FH serves as an advocate for some of the poorest people in the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Food for the Hungry have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of Food For the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc., collectively referred to as Food for the Hungry (FH). All significant intercompany balances and transactions between these entities have been eliminated to avoid double-counting.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

COMPARATIVE FINANCIAL INFORMATION

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with FH's consolidated financial statements for the year ended September 30, 2016, from which the summarized information was derived.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

AFFILIATED ORGANIZATIONS

FHUS is cooperative with other national support organizations ("National Organizations" or "NO") in Canada, Switzerland, United Kingdom, and the United States of America (Korean-American Food for the Hungry). The NOs operate cooperatively within the FH Association as independent not-for-profit organizations. They are also joined by yet other national organizations in a looser organization of affiliates called the FHI-Federation. The NOs raise funds, supply human resources, and help design and evaluate relief and development programs implemented in many countries around the globe. These NOs provide support for FH Association activities through cash contributions and commodities. Certain affiliates contribute towards shared overhead expenses such as salaries and other expenses.

For the years ended September 30, 2017 and 2016, the support received from other affiliates was:

	<u>Grants-Cash Contributions</u>	<u>Donated Commodities</u>	<u>2017 Total</u>	<u>2016 Total</u>
Affiliated Organizations:				
Japan	\$ 449,395	\$ -	\$ 449,395	\$ 490,490
Korea	167,321	-	167,321	-
Canada	2,316,120	-	2,316,120	1,794,092
United Kingdom	508,306	2,114,817	2,623,123	415,751
Switzerland	35,392	-	35,392	109,039
Korean American (KAFHI)	134,800	-	134,800	105,727
	<u>\$ 3,611,334</u>	<u>\$ 2,114,817</u>	<u>\$ 5,726,151</u>	<u>\$ 2,915,099</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash on hand, cash on deposit, and investments purchased with original maturities of three months or less. These accounts may, at times, exceed federally insured limits. Food for the Hungry has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

All bank accounts are located in the countries where offices are located, with most cash centralized in the United States of America. As of September 30, 2017 and 2016, approximately \$1,180,000 and \$742,000, respectively, was located in countries which impose various restrictions. The nature of these restrictions range from prohibitions on removal of currency from the country to restrictions on the maximum amount of local currency which can be exchanged for U.S. dollars.

INVESTMENTS

Money market mutual funds, certificates of deposit, cash in investment brokerage accounts held in trust for the Child Vocational Scholarship Fund and to fund annuities for which FH is trustee, and foreign government securities (treasury bonds) with original maturities in excess of three months but within one year are included in investments. Investments are carried at market value. Donated securities are recorded at estimated market value on the date of the gift.

GRANTS RECEIVABLE AND PAYABLE

FH receives government grants for use in relief and development programs. A portion of these funds are expended and the remaining portions are sub-granted to similar not-for-profit organizations. As of September 30, 2017 and 2016, amounts due from government grants for expenditures incurred was \$693,294 and \$473,310, respectively, which is included in grants and other receivables on the consolidated statements of financial position. As of September 30, 2017 and 2016 there were no grants payable to other agencies.

INVESTMENT IN AFFILIATES

FH retains investments in micro-finance programs in Africa through Faulu Microfinance Bank and Faulu Uganda Limited. As of September 30, 2017, FH directly owns 10% of Faulu Microfinance Bank outstanding common shares and has an indirect claim on additional shares controlled by another entity. The FH board and the board of Faulu Microfinance Bank have one director in common. In 2015, FH converted accounting treatment of its stock holding from the equity method to the cost method, based on September 30, 2014 value. FH's interest in Faulu Uganda Limited as of September 30, 2017 is approximately 1%, which is also carried on the cost method.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

LAND, BUILDINGS, AND EQUIPMENT

FHUS expenditures greater than \$2,500 and FH Association expenditures greater than \$5,000 of land, buildings, and equipment are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets, ranging from 3 years for software to 40 years for buildings. Certain assets are purchased under grant agreements for direct use in programs and are expensed in the year of acquisition when title for or ultimate ownership of the asset does not remain with FH.

ANNUITY ASSETS AND REINSURANCE CONTRACT

FHUS has established a gift annuity plan that allows donors to contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered a charitable contribution for income tax purposes.

The difference between the amount contributed for gift annuities and the liability for future payments, determined on an actuarial basis, is recognized as income at the date of the gift and is included on the consolidated statement of activities in contributions. The difference between annuity assets and liabilities is reported on the consolidated statement of financial position as net assets.

The present value of the expected payments to the annuitants over their life expectancy is included on the consolidated statements of financial position as a liability under annuity obligations. The liability is revalued annually based upon actuarially computed present values. The change in the present value, net of investment income, payments to annuitants, and terminations, is included on the consolidated statements of activities as change in value of annuities.

In March 2002, FHUS purchased a Nonparticipating Terminal Funding Group Annuity from an insurance company. The purpose of this policy is to reinsure the gift annuity obligations of FHUS. The insurance company has assumed all mortality and investment risk associated with the gift annuities. However, FHUS remains liable for fulfilling the requirements of the gift annuity agreements. The value of this policy has been determined to equal the outstanding annuity obligations of FHUS and is included on the consolidated statements of financial position as annuity assets and reinsurance contract.

As a result of the reinsurance of the mortality and investment risk associated with gift annuities, changes in the present value of expected payments to annuitants over their life expectancies from the date of the policy forward represent changes in the associated gift annuity reinsurance contract and not income to FHUS.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITY ASSETS AND REINSURANCE CONTRACT, continued

As of September 30, 2017, annuity assets totaled \$1,248,622 (\$110,604 was covered by reinsurance and \$1,138,018 was covered by other annuity assets) and annuity obligations totaled \$420,416 (\$110,604 were reinsured liabilities and \$309,812 were actuarial liabilities to annuitants). For the comparable period, as of September 30, 2016, annuity assets totaled \$408,201 and annuity liabilities totaled \$220,957.

NET ASSETS

The consolidated financial statements report amounts by classification of net assets as follows:

Unrestricted net assets amounts are currently available at the discretion of the board for use in FH's operations, specific purposes as designated by the board, investments in affiliate companies, or resources invested in land, buildings, and equipment.

Temporarily restricted net assets amounts are stipulated by donors for specific operating purposes, for capital projects, or for time restrictions (see Note 9 for a summary of temporarily restricted net assets).

Permanently restricted net assets amounts are those which represent permanent endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available as unrestricted or temporarily restricted, as specified in endowment agreements. Permanently restricted net assets consist of the Child Vocational Scholarship Fund. Each year, all or part of the investment income from the Child Vocational Scholarship Fund is available for award to graduates of the child sponsorship program for additional vocational training. The investment income can also be used by FH Association staff toward funding courses that would enable them to better serve the country in which they minister.

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

SUPPORT, REVENUE, AND OTHER

Contributions and grants are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to FH. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met.

FH receives donations of food, clothing, medical supplies, and other commodities for use in relief and development programs from the U.S. government and other donors. All such gifts-in-kind are distributed by FH Association or similar not-for-profit organizations for ultimate use by needy people around the world.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND OTHER, continued

The gifts-in-kind received through private donations are recorded at their estimated fair value on the date of the gift. For the years ended September 30, 2017 and 2016, FH reported its gifts-in-kind based on market sources and inputs to estimate fair value using an exit price notion. For non-FDA (Food and Drug Administration) deworming medicines, FH relied on survey data from the surrounding countries to determine fair value. U.S. government commodities are valued by the U.S. Department of Agriculture on the bill of lading.

As of September 30, 2017 and 2016, FH had approximately \$1,494,000 and \$1,349,000, respectively, of gifts-in-kind that had not been distributed by FH Association, which is reflected as inventory and included in prepaid expenses and other assets on the consolidated statement of financial position.

FH is a member of the Accord Network, a group of charities performing relief and development work. In accordance with standards the group developed in December 2009 (the Interagency Gift-in-kind Standards), FH only recognizes amounts related to the value of commodities when FH (i) is the original recipient of the gift, or (ii) is in partnership with another organization for distribution, or (iii) uses the commodities in a FH program.

Contributions and grants are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. FH's policy is to record temporarily restricted contributions received and expended in the same accounting period as temporarily restricted contributions and net assets released from restrictions. Temporarily restricted contributions are subject to assessments ranging from 0% to 63.5%, which are used for general and administrative expenses. Assessments are classified as unrestricted contributions at the time the contributions are received.

Net assets released from restrictions include:

	Year Ended September 30,	
	2017	2016
Administrative allocations	\$ 24,609,462	\$ 19,997,139
Child sponsorship	23,746,319	17,694,610
International Hunger Corps staff support	427,035	524,622
Child Vocational Scholarships granted	59,200	54,000
Relief efforts and other projects	17,080,763	13,551,048
	<u>\$ 65,922,779</u>	<u>\$ 51,821,419</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND OTHER, continued

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

U.S. government grants are recorded when earned, which is based on the timing of grant fund expenditures. The U.S. government also donates commodities which can be sold to fund development projects in foreign countries, a process called “monetization.” Revenue from the sale of commodities is recognized based on the pace of program expenditures and is included in “U.S. government grants” on the consolidated statements of activities and was \$0 for both years ended September 30, 2017 and 2016. Proceeds from monetization activities received in advance of actual expenditures are recorded as deferred income.

Support from governments in other countries restricted for specified purpose, primarily Great Britain, Canada, Finland, Switzerland and intergovernmental agencies including the United Nations International Children's Emergency Fund (UNICEF), the United Nations World Food Programme (UNWFP), and the United Nations Food and Agriculture Organization (UNFAO), is recognized as cash contributions from other governments in the consolidated statements of activities.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

During the year ended September 30, 2017, FH received approximately 34% of total revenue from U.S. government grants, 35% from child sponsorship contributions, 10% gifts-in-kind received through private donations, and 21% from all other sources. During the year ended September 30, 2016, FH received approximately 50% of total revenue from U.S. government grants, 29% from child sponsorship contributions, 6% gifts-in-kind received through private donations, and 15% from all other sources.

CONTRIBUTED SERVICES

The *Contributed Services* topic of the Financial Accounting Standards Board Accounting Standards Codification requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. For the years ended September 30, 2016 and 2015, FH Association received no seconded missionary staff from NOs that met these requirements. The actual costs incurred by NOs are recorded and are reported as contributed services from NOs on the consolidated statements of activities.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program ministries and supporting services have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program ministries and supporting services benefited.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF JOINT COSTS

FH's policy is to allocate all costs of activities which have a fund-raising component as 100% fund-raising in accordance with the *Accounting for Costs that Include Fundraising* topic of the Financial Accounting Standards Board Accounting Standards Codification.

FOREIGN CURRENCY TRANSLATION

All field offices have identified the U.S. dollar as their functional currency. The consolidated financial statements of these locations are remeasured to U.S. dollars using year end rates of exchange for all monetary assets and liabilities, and average rates of exchange for the year for revenues and expenses. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statements of activities. FH recognized a net unrealized foreign exchange gain (loss) of approximately \$212,428 and (\$503,299) during the years ended September 30, 2017 and 2016, respectively, which is reported in the consolidated statements of activities as other income.

UNCERTAIN TAX POSITION

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statement of activities. As of September 30, 2017 and 2016, FH has recorded approximately \$250,000 and \$390,000, respectively, as a liability for payroll taxes, including estimated penalties and interest, that are expected to be paid outside of the U.S. There are no other uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Fair values of assets measured on a recurring basis are:

	Fair Value Measurements at September 30, 2017			September 30,
	Level 1	Level 2	Total	2016 Total
Investments:				
Money market funds	\$ 97,270	\$ -	\$ 97,270	\$ 67,492
Corporate bonds	-	61,048	61,048	74,097
Mutual funds:				
Money market	15,004	-	15,004	56,843
Fixed income	578,414	-	578,414	284,532
Equity	463,992	-	463,992	103,236
Large blend	1,095,628	-	1,095,628	897,358
	2,153,038	-	2,153,038	1,341,969
Common stock:				
Basic materials	48	-	48	38
Financial	9,973	-	9,973	9,770
	10,021	-	10,021	9,808
Total investments	\$ 2,260,329	\$ 61,048	2,321,377	1,493,366
Plus investments not subject to fair value:				
Certificates of deposit			90,393	282,894
Less long-term investments:				
Annuity assets held in investments			(1,138,018)	(292,150)
Child Vocational Scholarship Fund held as investments			(1,255,248)	(1,150,827)
Current investments			\$ 18,504	\$ 333,283

Methods and assumptions used by FH in estimating fair values are:

Money market funds, common stock, and mutual funds—fair value is based on quoted market prices in an active market.

Corporate bonds—fair value is based on yields currently available on comparable securities of issuers with similar credit ratings.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Investment income consists of:

	Year Ended September 30,	
	2017	2016
Interest and dividends	\$ 60,811	\$ 49,243
Realized and unrealized gains on investments	179,920	117,909
	\$ 240,731	\$ 167,152

4. ENDOWMENT FUNDS:

FH's endowment consists of one individual fund established for the provision of scholarships and included investments \$1,255,248 and \$1,150,827 as of September 30, 2017 and 2016, respectively. FH's Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by FH in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, FH considers factors such as duration and preservation of the fund, general economic conditions, purposes the fund, etc. in making a determination to appropriate or accumulate donor-restricted endowment funds.

Endowment net asset composition by type of fund is:

	September 30, 2017			September 30, 2016 Total
	Temporarily Restricted	Permanently Restricted	Total	
Donor-restricted endowment funds	\$ 755,248	\$ 500,000	\$ 1,255,248	\$ 1,150,827
Total endowment funds	\$ 755,248	\$ 500,000	\$ 1,255,248	\$ 1,150,827

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

4. ENDOWMENT FUNDS, continued:

Changes in endowment net assets consist of:

	Year Ended September 30, 2017			Year Ended September 30, 2016 Total
	Temporarily Restricted	Permanently Restricted	Total	
Endowment net assets, October 1, 2016	\$ 650,827	\$ 500,000	\$ 1,150,827	\$ 1,082,397
Investment return:				
Interest and dividend income	26,579	-	26,579	23,460
Realized and unrealized gains	137,042	-	137,042	99,594
Total investment return	163,621	-	163,621	123,054
Appropriation of endowment assets for expenditure	(59,200)	-	(59,200)	(54,624)
Endowment net assets, September 30, 2017	\$ 755,248	\$ 500,000	\$ 1,255,248	\$ 1,150,827

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires FH to retain as a fund of perpetual duration. There were no deficiencies as of September 30, 2017 and 2016.

Return objectives and risk parameters: FH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FH must hold in perpetuity. Under this policy, as approved by FH's Board, the endowment assets are invested in a manner that is intended to produce results that match the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. FH expects its endowment funds, over time, to provide an average rate of return of approximately five percent annually. Actual returns in any given year may vary from this amount.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

4. ENDOWMENT FUNDS, continued:

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, FH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: By prior agreement with one of its national organizations, FH distributes five percent of its principal endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

5. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

	September 30,	
	2017	2016
Prepaid expenses	\$ 2,027,389	\$ 731,749
Advances to staff	86,810	120,556
Cash surrender value life insurance	215,047	88,220
Inventory	1,540,068	1,349,112
Security deposits	247,960	144,034
	4,117,274	2,433,671
Less long-term other assets	(215,047)	(88,220)
	<u>\$ 3,902,227</u>	<u>\$ 2,345,451</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

6. INVESTMENT IN AFFILIATE COMPANIES:

Investment in affiliate companies consist of:

	September 30,	
	2017	2016
Investment in Faulu Kenya–cost method	\$ 4,182,764	\$ 4,182,764
Investment in Faulu Uganda–cost method	112,840	112,840
	\$ 4,295,604	\$ 4,295,604

7. LAND, BUILDINGS, AND EQUIPMENT–NET:

Land, buildings, and equipment consist of:

	September 30,	
	2017	2016
Land	\$ 168,851	\$ 168,851
Buildings and improvements	1,921,239	1,921,239
Furniture and fixtures	378,869	369,569
Office equipment	471,518	482,942
Computer equipment	704,429	569,383
Computer software	919,217	919,217
Vehicles	2,994,799	2,897,000
	7,558,922	7,328,201
Less accumulated depreciation	(5,783,388)	(5,363,212)
Land, buildings and equipment–net	1,775,534	1,964,989
Less obligations for equipment and vehicle loans payable	(157,284)	(311,667)
Net investment in land, buildings, and equipment	\$ 1,618,250	\$ 1,653,322
Depreciation expense	\$ 484,308	\$ 482,412

Management has reviewed the assets in other countries and, in its opinion, determined they are under control and ownership of FH. While such items are recognized as assets of FH, it should be noted that the political situation in many other countries is subject to rapid change. Therefore, the reader should be aware that while FH believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized should the assets be sold.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

8. LOANS PAYABLE:

Loans payable consist of:

	September 30,	
	2017	2016
Various loans payable to a company in the amount of \$400,000, \$300,000, and \$200,000, with monthly principal and interest payments of \$7,601, \$5,660, and \$3,774, respectively, with interest calculated at 5%. Loans mature June 2018 and March 2020, respectively and are secured by vehicles. The \$400,000 loan payable was paid in full during the year ended September 30, 2017.	\$ 157,284	\$ 311,667
Loan payable to a third party in the amount of \$90,000, matured and paid in full during the year ended September 30, 2017.	-	90,000
	\$ 157,284	\$ 401,667
<u>Year Ending September 30,</u>		
2018	\$ 90,805	
2019	43,002	
2020	23,477	
	\$ 157,284	

FH was in compliance with all financial and reporting covenants as of September 30, 2017.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	September 30,	
	2017	2016
Relief efforts and international projects	\$ 3,805,590	\$ 3,132,631
International Hunger Corps staff support	206,019	131,049
Child sponsorship	6,898,404	5,822,901
Child Vocational Scholarship Fund	755,248	719,257
Teams fund	258,681	416,927
Other	86,668	40,490
	<u>\$ 12,010,610</u>	<u>\$ 10,263,255</u>

10. RETIREMENT PLAN:

FHUS has a defined contribution pension plan covering substantially all employees over 18 years of age who have completed one year of service. FHUS makes discretionary contributions based on a percentage of salary, and employees may make additional contributions. Vesting in FHUS contributions is based on years of continuous service, which reaches 100% after the fifth year of service. Retirement expense was \$338,336 and \$284,629 for the years ended September 30, 2017 and 2016, respectively.

All full-time FH Association employees whose employment agreement is directed by the Switzerland charter (rather than a field office), who are non-US citizens/residents, who have attained the age of 21, and have completed one year of service are eligible to participate in a noncontributory defined contribution benefit plan. Vesting in employer paid contributions is based on years of service, which reaches 100% after 5 years of cumulative service in any FH Association field. Benefit expense under the plan amounted to approximately \$99,000 and \$91,000 for the years ended September 30, 2017 and 2016, respectively.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

11. OPERATING LEASES:

As part of its exempt activities, FH has incurred certain obligations and commitments relating to office equipment and rental properties. Lease expense approximated \$1,765,000 and \$1,562,000 for the years ended September 30, 2017 and 2016, respectively. Future minimum payments required under non-cancelable operating leases are as follows:

<u>Year Ending September 30,</u>	
2018	\$ 1,269,938
2019	1,079,851
2020	898,052
2021	715,911
2022	440,385
	<hr/>
	\$ 4,404,138
	<hr/> <hr/>

12. CONTINGENCIES:

FH Association received food donations for monetization and direct distribution under Title II, Food Security from USAID to further charitable activities in Bolivia. The government of Bolivia has asserted that charities working under certain grants from 2002 forward were not covered by various bilateral agreements between the U.S. and Bolivia. Therefore, the government of Bolivia has claimed that import taxes are owed on food donations. FH's share of the retrospective assessment is \$12.5 million. Though FH is defending its position in Bolivian courts, FH believes that this dispute between Bolivia and the U.S. government will be resolved between the two governments and will not ultimately result in taxes being owed or paid. No provision for tax assessment has been made in the accompanying consolidated financial statements.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2017
(with comparative totals for 2016)

13. RELATED PARTY TRANSACTIONS:

FH paid approximately \$21,000 and \$29,000 to two board members for consulting services rendered during the year ended September 30, 2017. FH also paid approximately \$37,000 and \$29,000 to two board members for consulting services rendered during the year ended September 30, 2016. These services were not related to their duties as board members.

During the year ended September 30, 2017, FH purchased an existing life insurance policy on its president/CEO ("key man life insurance") for \$125,000 from Breakthrough Partners, the charity in which the president/CEO was president through June 2017. FH is the beneficiary. The president/CEO received no part of the payment. The policy included a cash value of over \$115,000 at the time of purchase. The policy would pay over \$405,000 in the event of the president/CEO's death. Any proceeds would be used for expenses for transitioning to a new CEO.

14. SUBSEQUENT EVENTS:

Subsequent to September 30, 2017, FH closed on a building purchase in Phoenix, Arizona for a total of approximately \$3,500,000. Escrow amounts related to the building purchase included in prepaid expenses and other assets as of September 30, 2017 totaled \$100,000.

Subsequent events were evaluated through February 27, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION**

Board of Directors
Food for the Hungry
Phoenix, Arizona

We have audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2017, and our report thereon dated February 27, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and they are 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 consolidating 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.

We have previously audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2016 and our report dated February 10, 2017, expressed unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein in the consolidating statements of financial position and activities is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Capin Crouse LLP

Colorado Springs, Colorado
February 27, 2018

FOOD FOR THE HUNGRY

Consolidating Schedule of Financial Position

(with comparative totals for 2016)

	September 30,					2016
	2017					
	Food for the Hungry, Inc.	FH Association	Food for the Hungry Foundation, Inc.	Eliminations	Total	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 2,978,888	\$ 13,367,262	\$ -	\$ -	\$ 16,346,150	\$ 9,988,303
Investments	10,097	8,407	-	-	18,504	333,283
Grants and other receivables	692,294	1,606,168	-	(516,961)	1,781,501	1,295,272
Prepaid expenses and other assets	1,747,854	2,154,373	-	-	3,902,227	2,345,451
	5,429,133	17,136,210	-	(516,961)	22,048,382	13,962,309
Annuity assets and						
reinsurance contract	1,146,830	-	101,792	-	1,248,622	408,201
Other long-term assets	215,047	-	-	-	215,047	88,220
Investment in affiliate companies	4,295,604	-	-	-	4,295,604	4,295,604
Land, buildings, and equipment, at cost-net	1,214,656	560,878	-	-	1,775,534	1,964,989
Child Vocational Scholarship Fund	1,255,248	-	-	-	1,255,248	1,150,827
	1,146,830	-	101,792	-	1,248,622	408,201
	215,047	-	-	-	215,047	88,220
	4,295,604	-	-	-	4,295,604	4,295,604
	1,214,656	560,878	-	-	1,775,534	1,964,989
	1,255,248	-	-	-	1,255,248	1,150,827
Total Assets	\$13,556,518	\$ 17,697,088	\$ 101,792	\$ (516,961)	\$ 30,838,437	\$ 21,870,150
LIABILITIES AND NET ASSETS:						
Current liabilities:						
Accounts payable and accrued expenses	\$ 1,036,392	\$ 4,163,808	\$ -	\$ -	\$ 5,200,200	\$ 4,772,855
Intercompany payable	170,938	-	77,886	(248,824)	-	-
Grants payable	268,137	-	-	(268,137)	-	-
Deferred income	-	2,472,374	-	-	2,472,374	635,425
Loan payable-current portion	-	90,805	-	-	90,805	244,893
	1,475,467	6,726,987	77,886	(516,961)	7,763,379	5,653,173
Other long-term liabilities	-	1,241,774	-	-	1,241,774	1,164,557
Annuity obligations	420,416	-	-	-	420,416	220,957
Loan payable-net of current portion	-	66,479	-	-	66,479	156,774
	1,895,883	8,035,240	77,886	(516,961)	9,492,048	7,195,461
Net assets:						
Unrestricted	6,482,299	2,329,574	23,906	-	8,835,779	3,911,434
Temporarily restricted	4,678,336	7,332,274	-	-	12,010,610	10,263,255
Permanently restricted-Child Vocational Scholarship Fund	500,000	-	-	-	500,000	500,000
	11,660,635	9,661,848	23,906	-	21,346,389	14,674,689
Total Liabilities and Net Assets	\$13,556,518	\$ 17,697,088	\$ 101,792	\$ (516,961)	\$ 30,838,437	\$ 21,870,150

FOOD FOR THE HUNGRY

Consolidating Schedule of Activities (with comparative totals for 2016)

	Year Ended September 30,					2016
	2017					
	Food for the Hungry, Inc.	FH Association	Food for the Hungry Foundation, Inc.	Eliminations	Total	
UNRESTRICTED NET ASSETS:						
SUPPORT, REVENUE, AND OTHER:						
Cash contributions:						
National Organizations	\$ -	\$ 279,229	\$ -	\$ -	\$ 279,229	\$ 224,161
Other	4,927,447	70,808	-	(884,806)	4,113,449	3,893,599
U.S. government grants	29,719,789	26,701,486	-	(26,701,483)	29,719,792	41,254,784
Investment income	228,887	1,514	10,330	-	240,731	167,152
Change in value of annuities	-	-	(9,100)	-	(9,100)	(36,394)
Other income (loss)	118,727	553,616	-	-	672,343	(142,571)
Noncash support and revenue:						
U.S. government commodities donated for distribution	15,014,153	15,014,153	-	(15,014,153)	15,014,153	22,753,429
Other donated commodities	9,104,574	12,244,364	-	(8,710,550)	12,638,388	7,251,340
Net assets released from restrictions	50,987,119	38,418,924	-	(24,368,279)	65,037,764	51,821,419
Total Support, Revenue, and Other	110,100,696	93,284,094	1,230	(75,679,271)	127,706,749	127,186,919
EXPENSES:						
Program ministries:						
Grants to FH Association	75,574,467	-	-	(75,574,467)	-	-
Grants, contracts, and gifts in kind to other organizations	261,601	1,189,279	-	-	1,450,880	1,362,046
Direct relief and development activities	9,201,799	91,345,118	-	(104,804)	100,442,113	102,547,876
	<u>85,037,867</u>	<u>92,534,397</u>	<u>-</u>	<u>(75,679,271)</u>	<u>101,892,993</u>	<u>103,909,922</u>
Supporting services:						
Fund-raising	15,525,054	-	-	-	15,525,054	15,354,455
General and administrative	5,364,357	-	-	-	5,364,357	4,967,589
	<u>20,889,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,889,411</u>	<u>20,322,044</u>
Total Expenses	105,927,278	92,534,397	-	(75,679,271)	122,782,404	124,231,966
Change in Net Assets	4,173,418	749,697	1,230	-	4,924,345	2,954,953
Net Assets, Beginning of Year	2,308,881	1,579,877	22,676	-	3,911,434	956,481
Net Assets, End of Year	\$ 6,482,299	\$ 2,329,574	\$ 23,906	\$ -	\$ 8,835,779	\$ 3,911,434

FOOD FOR THE HUNGRY

Consolidating Schedule of Activities (with comparative totals for 2016) (continued)

	Year Ended September 30,					
	2017					2016
	Food for the Hungry, Inc.	FH Association	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
TEMPORARILY RESTRICTED NET ASSETS:						
SUPPORT, REVENUE, AND OTHER:						
Cash contributions:						
National Organizations	\$ -	\$ 27,595,580	\$ -	\$ (24,263,475)	\$ 3,332,105	\$ 2,690,938
Other governments	-	9,049,684	-	-	9,049,684	5,640,354
Other	51,077,880	3,325,450	-	-	54,403,330	45,023,338
Investment income (loss)		-	-	-	-	-
Noncash support and revenue:						
Contributed services	-	104,804	-	(104,804)	-	-
Net assets released from restrictions	<u>(50,987,119)</u>	<u>(38,418,924)</u>	<u>-</u>	<u>24,368,279</u>	<u>(65,037,764)</u>	<u>(51,821,419)</u>
Change in Net Assets	90,761	1,656,594	-	-	1,747,355	1,533,211
Net Assets, Beginning of Year	<u>4,587,575</u>	<u>5,675,680</u>	<u>-</u>	<u>-</u>	<u>10,263,255</u>	<u>8,730,044</u>
Net Assets, End of Year	<u><u>\$ 4,678,336</u></u>	<u><u>\$ 7,332,274</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,010,610</u></u>	<u><u>\$ 10,263,255</u></u>
PERMANENTLY RESTRICTED NET ASSETS:						
SUPPORT, REVENUE, AND OTHER:						
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	-	-	-	-	-	-
Net Assets, Beginning of Year	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net Assets, End of Year	<u><u>\$ 500,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 500,000</u></u>