

*Financial statements of:*

**FEED MY STARVING CHILDREN, INC.**

Years ended  
February 28, 2025 and February 29, 2024

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Feed My Starving Children, Inc.  
Coon Rapids, MN

### ***Opinion***

We have audited the financial statements of Feed My Starving Children, Inc. (the Organization), which comprise the statements of financial position as of February 28, 2025 and February 29, 2024, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Feed My Starving Children, Inc. as of February 28, 2025 and February 29, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other 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 Financial Statements***

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

In preparing the 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 for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 an audit conducted in accordance with GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Schechter Dolkert Kander  
Andrews & Selzer Ltd.*

May 21, 2025  
Minneapolis, MN

**FEED MY STARVING CHILDREN, INC.**STATEMENTS OF FINANCIAL POSITION  
FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

	2025	2024
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 18,302,257	\$ 11,152,618
Investments (Note 3)	-	3,200,869
MobilePack and other receivables, net (Note 4)	380,566	614,713
Contributions receivable, current portion (Note 5)	304,883	-
Inventory (Note 6)	5,996,070	6,723,494
Prepaid expenses	439,737	297,436
Total current assets	25,423,513	21,989,130
Contributions receivable, net (Note 5)	532,635	-
Property and equipment, net (Note 7)	3,955,622	3,707,722
Right-of-use assets - operating leases (Note 8)	10,907,255	3,299,644
Other assets, security deposits	152,046	81,794
	<u>\$ 40,971,071</u>	<u>\$ 29,078,290</u>
<b>Liabilities and net assets:</b>		
Current liabilities:		
Accounts payable	\$ 3,493,263	4,199,924
Accrued salaries and vacation	1,403,225	1,155,227
Operating leases liability, current portion (Note 8)	1,707,033	1,185,134
Total current liabilities	6,603,521	6,540,285
Long-term liabilities, operating leases liability net of current portion (Note 8)	9,790,006	2,803,530
Total liabilities	16,393,527	9,343,815
Net assets:		
Without donor restrictions	18,562,720	15,160,371
With donor restrictions (Note 9)	6,014,824	4,574,104
Total net assets	24,577,544	19,734,475
	<u>\$ 40,971,071</u>	<u>\$ 29,078,290</u>

**FEED MY STARVING CHILDREN, INC.**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and other support:						
Contributions of cash and other financial assets	\$ 46,698,852	\$ 2,147,976	\$ 48,846,828	\$ 44,340,771	\$ 1,189,004	\$ 45,529,775
MobilePack contributions	-	16,776,674	16,776,674	45,000	16,725,959	16,770,959
Contributions of nonfinancial assets (Note 10)	28,346,699	45,222	28,391,921	29,087,333	20,116	29,107,449
MarketPlace sales	2,867,772	-	2,867,772	2,825,923	-	2,825,923
Other revenue	924,137	-	924,137	564,388	-	564,388
Special events, net of cost of direct benefits to donors of \$104,375 in 2025 and \$137,564 in 2024	-	2,750,781	2,750,781	-	1,985,552	1,985,552
Net assets released from restrictions (Note 9)	20,279,933	(20,279,933)	-	19,924,028	(19,924,028)	-
Total revenue and other support	99,117,393	1,440,720	100,558,113	96,787,443	(3,397)	96,784,046
Expenses:						
Program services	84,686,258	-	84,686,258	95,557,900	-	95,557,900
Management and general	5,134,330	-	5,134,330	4,799,975	-	4,799,975
Fundraising	5,894,456	-	5,894,456	4,874,921	-	4,874,921
Total expenses	95,715,044	-	95,715,044	105,232,796	-	105,232,796
Changes in net assets	3,402,349	1,440,720	4,843,069	(8,445,353)	(3,397)	(8,448,750)
Net assets, beginning	15,160,371	4,574,104	19,734,475	23,605,724	4,577,501	28,183,225
Net assets, ending	\$ 18,562,720	\$ 6,014,824	\$ 24,577,544	\$ 15,160,371	\$ 4,574,104	\$ 19,734,475

See notes to financial statements.

**FEED MY STARVING CHILDREN, INC.**

STATEMENTS OF CASH FLOWS  
YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Changes in net assets	\$ 4,843,069	\$ (8,448,750)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	687,889	709,859
Loss (gain) on disposal of property and equipment	35,808	(3,409)
Change in donated labor in inventory	(8,354)	(230,231)
(Decrease) increase in allowance for doubtful accounts	(126,304)	165,654
Donated marketable securities	(1,619,354)	(1,222,686)
Loss on sales of donated marketable securities	16,865	17,032
Proceeds from sale of donated marketable securities	1,602,489	1,205,654
(Increase) decrease in assets:		
MobilePack and other receivables	360,451	(230,504)
Inventory	735,778	1,670,861
Prepaid expenses	(142,301)	(14,647)
Employee retention credit refund	-	1,157,577
Contributions receivable	(837,518)	
Other assets, security deposits	(70,252)	(200)
Increase (decrease) in liabilities:		
Accounts payable	(708,448)	739,238
Accrued salaries and vacation	247,998	(276,798)
Change in operating leases, right-of-use assets and lease liabilities	(99,236)	(198,688)
Net cash provided by (used in) operating activities	<u>4,918,580</u>	<u>(4,960,038)</u>
Cash flows from investing activities:		
Purchase of:		
Investments	(35,236)	(10,545,454)
Property and equipment	(969,810)	(710,711)
Proceeds from:		
Sale of property and equipment	-	4,000
Sale of investments	<u>3,236,105</u>	<u>20,931,639</u>
Net cash provided by investing activities	<u>2,231,059</u>	<u>9,679,474</u>
Net change in cash and cash equivalents	7,149,639	4,719,436
Cash and cash equivalents, beginning of year	<u>11,152,618</u>	<u>6,433,182</u>
Cash and cash equivalents, end of year	<u>\$ 18,302,257</u>	<u>\$ 11,152,618</u>
Non-cash investing and financing activity:		
Projects in process in accounts payable	<u>\$ 1,787</u>	<u>\$ 6,946</u>
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 9,005,862</u>	

**FEED MY STARVING CHILDREN, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

	2025					2024				
	Support Services				Total support services	Support Services				Total support services
	Program services	Management and general	Fundraising			Program services	Management and general	Fundraising		
Salaries	\$ 10,334,952	\$ 3,630,529	\$ 2,358,919	\$ 5,989,448	\$ 16,324,400	\$ 9,653,812	\$ 3,242,792	\$ 2,196,327	\$ 5,439,119	15,092,931
Payroll taxes	802,078	265,876	168,391	434,267	1,236,345	729,563	237,056	156,987	394,043	1,123,606
Employee benefits	1,404,643	346,143	385,211	731,354	2,135,997	1,223,065	304,817	340,200	645,017	1,868,082
Cost of food:										
Raw materials	31,910,920			-	31,910,920	41,816,202	-	-	-	41,816,202
Meal packaging - food manufacturers	1,566,054			-	1,566,054	2,781,407	-	-	-	2,781,407
Donated production labor	28,118,515			-	28,118,515	29,227,314	-	-	-	29,227,314
Cost of sales, Market Place	1,613,438			-	1,613,438	1,583,742	-	-	-	1,583,742
Advertising and marketing	194,878	10,793	134,565	145,358	340,236	116,873	7,327	47,424	54,751	171,624
Computer and software	216,526	88,921	256,092	345,013	561,539	210,750	91,443	237,210	328,653	539,403
Charitable donations	709,887			-	709,887	840,608	-	-	-	840,608
Occupancy	2,741,889	15,146	9,669	24,815	2,766,704	2,306,014	16,114	10,923	27,037	2,333,051
Professional fees	468,899	473,473	524,311	997,784	1,466,683	626,674	382,885	154,061	536,946	1,163,620
Partner Programs	392,340			-	392,340	387,772	-	-	-	387,772
Employee recruiting	9,707	3,345	2,135	5,480	15,187	16,635	5,504	3,731	9,235	25,870
Printing and copying	38,658	17,236	446,259	463,495	502,153	(4,353)	16,216	258,961	275,177	270,824
Insurance	196,132	66,891	42,700	109,591	305,723	163,744	53,854	36,501	90,355	254,099
Utilities	346,086	3,267	2,085	5,352	351,438	338,319	5,780	3,918	9,698	348,017
Travel and meals	1,729,616	32,141	248,679	280,820	2,010,436	1,705,418	41,918	204,946	246,864	1,952,282
Equipment rental and maintenance	536,750	3,644	2,349	5,993	542,743	517,394	8,090	9,687	17,777	535,171
Telephone	140,559	2,038	6,408	8,446	149,005	111,419	3,867	2,638	6,505	117,924
Postage and shipping	60,985	1,474	231,197	232,671	293,656	46,149	1,065	178,103	179,168	225,317
Training and staff development	21,643	2,088	1,462	3,550	25,193	28,003	2,544	9,912	12,456	40,459
Supplies	254,598	7,366	2,698	10,064	264,662	220,638	3,302	2,976	6,278	226,916
Donor appreciation	-	-	258,935	258,935	258,935	1	-	274,892	274,892	274,893
Bank and credit card processing	139,913	47,242	657,580	704,822	844,735	158,499	30,719	646,943	677,662	836,161
Special events	-	-	231,232	231,232	231,232	(1)	-	214,348	214,348	214,347
Bad debt expense	-	31,500	-	31,500	31,500	-	265,000	-	265,000	265,000
Depreciation	621,168	45,431	19,251	64,682	685,850	670,516	41,692	17,996	59,688	730,204
Miscellaneous	115,424	39,786	8,703	48,489	163,913	81,723	37,990	3,801	41,791	123,514
Total functional expenses	<u>\$ 84,686,258</u>	<u>\$ 5,134,330</u>	<u>\$ 5,998,831</u>	<u>\$ 11,133,161</u>	<u>\$ 95,819,419</u>	<u>\$ 95,557,900</u>	<u>\$ 4,799,975</u>	<u>\$ 5,012,485</u>	<u>\$ 9,812,460</u>	<u>\$ 105,370,360</u>
Less cost of direct benefits to donors	-	-	(104,375)	(104,375)	(104,375)	-	-	(137,564)	(137,564)	(137,564)
Total expenses - statement of activities	<u>\$ 84,686,258</u>	<u>\$ 5,134,330</u>	<u>\$ 5,894,456</u>	<u>\$ 11,028,786</u>	<u>\$ 95,715,044</u>	<u>\$ 95,557,900</u>	<u>\$ 4,799,975</u>	<u>\$ 4,874,921</u>	<u>\$ 9,674,896</u>	<u>\$ 105,232,796</u>
Percentages of total	<u>88%</u>	<u>5%</u>	<u>6%</u>	<u>12%</u>	<u>100%</u>	<u>91%</u>	<u>4%</u>	<u>5%</u>	<u>9%</u>	<u>100%</u>

See notes to financial statements.



1. Nature of business and summary of significant accounting policies:

Nature of business:

Feed My Starving Children, Inc. (the Organization) was incorporated as a Minnesota nonprofit corporation in 1987. Its mission is to feed God's starving children hungry in body and spirit. With God's help, the Organization will reduce the number of starving children throughout the world by helping to instill compassion in people that hear and respond to the cries of those in need.

The Organization packages a unique food supply for distribution around the world at permanent sites in certain communities of Minnesota, Illinois, Arizona and Texas. The Organization also leases warehouse space in Pennsylvania. The Organization also has mobile packing events in numerous other states. During 2025 and 2024, approximately 1,153,000 and 1,163,000 volunteers packed meals, and the Organization provided 375 million and 448 million meals, respectively.

The Organization also supports economies where it distributes meals by purchasing handmade crafts and reselling them in its MarketPlace, available at all packing sites, online and at most MobilePack events.

Basis of presentation:

Net assets, revenues, expenses and gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations, not subject to donor (or certain grantor) restrictions, and resources over which the Board of Directors has full discretionary control.

*Net assets with donor restrictions* – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets are limited by donor-restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation.

1. Nature of business and summary of significant accounting policies (continued):

Concentration of credit risk:

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist primarily of cash deposits. The Organization maintains an operating account at a financial institution where at times the cash balance exceeds the federally insured limit of \$250,000. The Organization has not experienced any loss associated with the practice.

Vendor concentrations:

The Organization has mitigated its supplier risk by qualifying a minimum of two vendors for each major food ingredient. However, the vitamins are single sourced by a vendor with one production facility. The vendor holds a thirty-day safety stock of the product on hand and the Organization is prepared to transfer production to a qualified backup supplier in the event the existing supply is disrupted.

Donated marketable securities:

The Organization's policy is to convert donated marketable securities into cash within days of receipt.

Income taxes:

The Organization is classified as a tax-exempt public charity under Section 501(c)(3) of the Internal Revenue Code and comparable sections of certain state tax statutes and, as such, is subject to income tax only on net unrelated business income. The Organization had no unrelated business income in fiscal year 2025 and 2024.

Management evaluated the Organization's tax positions and concluded there were no uncertain tax positions (including unrelated business income) that require adjustment to the financial statements.

Sales taxes:

When applicable, the Organization collects sales taxes from its customers and remits the entire amount to the various governmental units. The Organization's accounting policy is to exclude the tax collected from revenue and the remittances from cost of revenue.

Cash and cash equivalents:

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments:

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment income or loss, including realized gains and losses on investments, interest and dividends, is included in other revenue included in the change in net assets in the statements of activities.

1. Nature of business and summary of significant accounting policies (continued):

MobilePack receivables:

MobilePack receivables are the result of signed agreements that the Organization has with MobilePack hosts who agree to fund a MobilePack event. MobilePack hosts are invoiced 90 and 45 days prior to the event and 50 days after the event for the contracted meals to be packed. These receivables represent unconditional promises to give from donors restricted for specific MobilePack events and for which payment is expected to be collected within one year and therefore recorded at the net realizable value. The Organization determines the allowance for doubtful accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. Collections of receivables previously written off are recorded as bad debt recoveries.

Contributions receivable:

Contributions receivable represent unconditional promises to give from donors for which payment is reasonably assured. Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded initially at fair market value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for doubtful accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. The Organization's contributions receivable related to MobilePack events are included in MobilePack receivables and other while all investment campaign related contributions makeup contributions receivable, which are shown separately. No allowance for doubtful accounts related to contributions receivable was recorded as of February 28, 2025 or February 29, 2024.

Inventory:

Inventory consists of program-related food to be gifted and is stated at cost determined by the first-in first-out method. Since inventory is not sold, but rather is gifted, cost is used to value food. Additionally, packaged food inventory includes donated labor, which is estimated based on industry data of the average cost to hire personnel to pack the food.

Property and equipment and depreciation methods:

The Organization capitalizes property and equipment of more than \$1,000 at original cost or estimated fair market value, if donated. Depreciation expense is computed using the straight-line method over the estimated useful lives as follows:

<u>Asset type</u>	<u>Years</u>
Computers/software	3
Equipment	5-7
Furniture	7
Building	25
Leasehold improvements	Lesser of estimated life or lease term

1. Nature of business and summary of significant accounting policies (continued):

Contributions of cash and other financial assets:

Contributions of cash and other financial assets, which include unconditional promises to give, are recognized as support in the period in which payment is received or promised. All contributions are available for general use unless specifically restricted by the donor.

Contributions with donor-imposed restrictions, such as time or purpose, are recorded as net assets with donor restrictions. When a donor-imposed restriction is fulfilled, the net assets with donor restrictions are reclassified to net assets without donor restrictions. This reclassification is reported as net assets released from restrictions within the statement of activities.

Bequests:

Direct gifts of assets are recorded at their estimated fair value as contributions revenue when the Organization has received an unconditional promise to give. The Organization considers a bequest to be unconditional when the probate court declares the testamentary instrument valid and the proceeds are measurable.

MobilePack:

The Organization provides a remote volunteer opportunity called MobilePack, where staff provide a volunteer experience like that at the Organization's permanent locations. When a host team contacts the Organization to set up a MobilePack, the Organization sends the host a contract. The contract is for an agreed upon date and amount and allows the host to raise funds on the Organization's behalf with the intent to feed children through the Organization's feeding programs. Typically, all funds received for an event are recorded as revenue with donor restrictions until the MobilePack has occurred, at which point the revenue received up to the value of the contracted event is released from restriction. All additional funds received over the contracted amount can be applied to a future event, in which case the funds will remain restricted. If the host chooses not to host a future event, the additional funds are released from restriction and may be utilized at the discretion of the Organization in any of its feeding programs.

Contributions of non-financial assets:

The Organization recognizes contributed nonfinancial assets within revenue and other support, which mainly includes donated labor for meal packing, occupancy costs and professional services. The Organization's policy is to use these contributions to carry out their mission and generally not to monetize them; however, certain contributions given for fundraising purposes, such as donated auction items are monetized. The use of these nonfinancial assets including if there are donor-imposed restrictions and the related valuation technique and inputs are shown in Note 10.

MarketPlace:

The Organization operates a MarketPlace at its permanent volunteer locations, MobilePack events, and online. Revenues are recognized when products are transferred to customers in an amount equal to the market price of the item. Sales taxes are imposed on all the Organization's sales to nonexempt customers. The Organization collects the taxes from customers and remits the entire amounts to the local governmental authorities.

1. Nature of business and summary of significant accounting policies (continued):

Special Events:

For special events, cash received as a contribution before, during, or after the event is recorded as donor restricted revenue following the same guidelines as contributions throughout the year. Amounts received in exchange for event tickets or other considerations are recorded in two portions. The first portion is equal to the market value of the consideration and is recorded as deferred revenue until the special event occurs. The second portion is equal to the total gift less the amount allocated to the consideration and is recorded as a donor with restricted contributions from the special event. The restricted contributions are reclassified to net assets without donor restrictions after the event has taken place and the restriction is met.

Freight costs:

All inbound shipping and handling costs are paid by the Organization and included in cost of food and cost of sales. The Organization also pays outbound shipping and handling costs of MobilePack events, which is also included in the cost of food and cost of sales.

Advertising:

Advertising costs of \$340,235 and \$171,624 were expensed as incurred during 2025 and 2024, respectively.

Functional allocation of expenses:

The costs associated with program and supporting services have been presented on a functional basis in the statements of activities. Program services are defined as activities to fulfill the Organization's mission, which is meal production. The statements of functional expenses present the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, benefits, advertising, computer and software, professional fees, recruitment, printing, insurance, travel, equipment rental, postage, training, supplies, bank and credit card fees are allocated on the basis of estimates of time and effort. Occupancy, utilities and repairs are allocated based on square footage.

Use of estimates:

The preparation of 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. Donated labor is considered a significant estimate.

Reclassifications:

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 presentation.

Subsequent events:

The Organization evaluated for subsequent events through May 21, 2025, the date the financial statements were available for issuance.

2. Liquidity and availability:

The Organization's financial assets available for general expenditure, within one year of the statement of financial position date, are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 18,302,257	\$ 11,152,618
Investments	-	3,200,869
MobilePack and other receivables, net	380,566	614,713
Contributions receivable	<u>837,518</u>	<u>-</u>
	<b>19,520,341</b>	14,968,200
Less donor-imposed restrictions	<u>(6,014,824)</u>	<u>(4,574,104)</u>
Financial assets available for general expenditure within one year	<u><b>\$ 13,505,517</b></u>	<u><b>\$ 10,394,096</b></u>

Donor-imposed restrictions pertain primarily to permanent site development, purchases of equipment and supplies, country specific meal donations and future MobilePack and special events (See Note 9). Expenditures for country specific meal donations are expected over the next one to two years. MobilePack and special events are expected over the next year. Investment campaign expenditures are expected over the next three to four years.

To balance the need for feeding more children with the ability to meet the Organization's short-term expenditures and the cyclical nature of donations, the Organization has established a range of cash and investments held between 37.5 to 75 days of average daily expenses held in reserve at fiscal year-end. This is calculated using the next fiscal year's budgeted operating expenses less contributions of non-financial assets expenditures.

The availability of cash and investments is monitored monthly and compared to the approved budgeted cash flow. If forecasted cash flow deviates from budgeted cash flow by more than 10%, the Executive Committee of the Board must be notified. If more than 20% below the budgeted cash flow, management is required, within thirty days, to prepare a detailed cash flow plan with options for curtailed spending or additional sources of revenue. If more than 20% above the maximum, management will present a plan for producing additional meals or investments in other activities to fulfill its mission.

3. Investments and fair value measurements:

The Organization's investments are measured at estimated fair value using inputs from the three levels of the fair value hierarchy as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

*Level 2:* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3:* Unobservable inputs that reflect management's estimates about the assumptions that market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including internally-developed data.

The Organization invested in a mutual fund, which was invested in short-term U.S. Treasury securities as of February 28, 2024. The mutual fund have quoted prices in active markets for identical assets and are classified within Level 1.

Investments and fair value measurements at February 28, 2025 and February 29, 2024 are as follows:

2025			
Level 1	Level 2	Level 3	Total
Fixed income, mutual fund	\$ -	\$ -	\$ -

  

2024			
Level 1	Level 2	Level 3	Total
Fixed income, mutual fund	\$ 3,200,869	\$ -	\$ 3,200,869

4. MobilePack and other receivables:

MobilePack and other receivables at February 28, 2025 and February 29, 2024 are as follows:

	<u>2025</u>	<u>2024</u>
MobilePack	\$ 336,845	\$ 750,213
Other	<u>102,243</u>	<u>49,326</u>
Total	439,088	799,539
Less allowance for doubtful accounts	<u>(58,522)</u>	<u>(184,826)</u>
MobilePack and other receivables, net	<u>\$ 380,566</u>	<u>\$ 614,713</u>

5. Contributions receivable:

Contributions receivable are estimated to be collected as follows at February 28, 2025 and February 29, 2024:

	<u>2025</u>	<u>2024</u>
Within one year:		
Contributions receivable, current portion	\$ 304,883	\$ -
In one to five years:		
Contributions receivable net of current portion	581,517	-
Less discount to net present value at rates Ranging from 4.21% to 4.38%	<u>(48,882)</u>	<u>-</u>
Contributions receivable, net	<u>\$ 532,635</u>	<u>\$ -</u>



6. Inventory:

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Packaged food inventory includes the estimated fair value of donated volunteer time, contract labor costs as applicable, and raw materials incurred to produce the meals. Volunteer packaged food inventory included \$1,236,451 and \$1,244,805 of donated labor as of February 28, 2025 and February 29, 2024, respectively.

Inventory consisted of the following at February 28, 2025 and February 29, 2024:

	<u>2025</u>	<u>2024</u>
Raw materials	\$ 1,726,809	\$ 2,272,590
Work in process	272,594	474,099
Packaged food	2,471,926	2,535,977
Overhead allocated to packaged food	642,807	608,222
MarketPlace	<u>881,934</u>	<u>832,606</u>
	<u>\$ 5,996,070</u>	<u>\$ 6,723,494</u>

7. Property and equipment, net:

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Property and equipment consisted of the following at February 28, 2025 and February 29, 2024:

	<u>2025</u>	<u>2024</u>
Property and equipment:		
Land	\$ 214,200	\$ 214,200
Furniture and equipment	1,767,787	1,587,781
Computers and software	3,180,062	2,903,963
Building	1,388,286	1,388,286
Leasehold improvements	4,674,131	4,764,822
Projects in process	<u>86,445</u>	<u>139,060</u>
	11,310,911	10,998,112
Less accumulated depreciation	<u>(7,355,289)</u>	<u>(7,290,390)</u>
Net property and equipment	<u>\$ 3,955,622</u>	<u>\$ 3,707,722</u>

8. Operating leases:

The Organization leases property for its offices and warehouses. These qualify as operating leases and are included in operating lease right-of-use (“ROU”) assets, current portion of operating lease liabilities and long-term portion of operating lease liabilities in its statement of financial position. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at the commencement date. Because most of the Organization’s operating leases do not provide an implicit rate of return, the Organization has elected the option to use the risk-free rate using a period comparable to the lease terms. The Organization uses the three, five, seven, and ten-year U.S. Treasury Note rates respective to the life of the lease based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets are reduced by lease incentives received. The Organization has adopted other accounting policy elections related to this standard including election to treat non-lease components and lease components as a single combined lease and election of not recognizing right-of-use assets and lease liabilities arising from short-term leases for any class of underlying assets.

The Organization leases warehouse and office space under non-cancellable operating leases. The Organization is also responsible for its share of common area operating expenses, including property taxes, for the real estate. Total occupancy expense was \$2,766,704 and \$2,333,051 for the years ended February 28, 2025 and February 29, 2024, respectively.

The Organization has the following warehouse and office space leases:

<u>Lease Inception</u>	<u>Expiration date</u>
2018	March 31, 2028
2019	August 31, 2031*
2020	June 30, 2027
2023	February 28, 2026*
2024	February 28, 2029
2024	April 30, 2027**
2024	April 30, 2035***
2024	November 30, 2029

\* One, five-year extension period.

\*\* One, three-year extension period.

\*\*\* Two, five-year extension periods.

The extension periods are not included in the ROU assets and lease liabilities as at the lease commencement dates the Organization was not reasonably certain that they will exercise those options.

8. Operating leases (continued):

The future maturities of operating lease liabilities as of February 28, 2025, are as follows:

<u>Year ending February</u>	<u>Amount</u>
2026	\$ 2,120,996
2027	2,059,821
2028	1,796,586
2029	1,532,128
2030	1,383,109
Thereafter	<u>4,522,268</u>
	13,414,908
Less amount representing interest	<u>(1,917,869)</u>
Total operating lease liabilities	<u>\$ 11,497,039</u>

The weighted-average remaining lease term is 7.5 years or (90 months) and 5 years or (60 months) for operating leases as of February 28, 2025 and February 29, 2024, respectively. The weighted-average discount rate is 3.94% and 2.45% for operating leases as of February 28, 2025 and February 29, 2024, respectively.

9. Net assets:

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Net assets with donor restrictions:

Net assets with donor restrictions are available for the following purposes at February 28, 2025 and February 29, 2024:

	<u>2025</u>	<u>2024</u>
Investment campaign	\$ 997,533	\$ -
Country specific donations and shipping	75,854	86,149
Purchase of equipment and supplies	222,409	193,511
Future events – MobilePack and Special	<u>4,719,028</u>	<u>4,294,444</u>
	<u>\$ 6,014,824</u>	<u>\$ 4,574,104</u>

The following net assets with donor restrictions were released from restrictions during 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Permanent site development	\$ 25,505	\$ 25,505
Investment campaign	209,367	-
Country specific donations and shipping	627,623	884,877
Purchases of equipment and supplies	269,343	51,315
Events – MobilePack and Special	<u>19,148,095</u>	<u>18,962,331</u>
	<u>\$ 20,279,933</u>	<u>\$ 19,924,028</u>

10. Contributions of non-financial assets:

During the years ended February 28, 2025 and February 29, 2024, contributed non-financial assets recognized within the statement of activities included:

	<u>2025</u>	<u>2024</u>			
Donated labor (\$13.85 per volunteer hour for 2025 and 2024)	<b>\$ 28,209,867</b>	\$ 28,803,500			
Professional services	<b>55,970</b>	82,185			
Equipment/supplies	<b>66,337</b>	52,195			
Donated auction items	<b>45,222</b>	20,116			
Occupancy costs	<b><u>14,525</u></b>	<u>149,453</u>			
	<b><u>\$ 28,391,921</u></b>	<b><u>\$ 29,107,449</u></b>			
	<u>Revenue recognized</u>				
	<u>Fiscal year 2025</u>	<u>Fiscal year 2024</u>	<u>Utilization in programs/activities</u>	<u>Donor restrictions</u>	<u>Valuation technique and inputs</u>
Volunteer labor	\$ 28,209,867	\$ 28,803,500	Meal packing	No donor restrictions	National market survey to determine average cost to hire similar positions to package food.
Professional services, legal	55,410	34,765	Meal Packing and Supporting Services	No donor restrictions	Contributed services from attorneys are recorded at the estimated fair value based on current rates for similar legal services.
Professional services, other	560	47,420	Meal packing locations	No donor restrictions	Contributed services from contractors performing work at packing sites, recorded at the estimated fair value for similar services.
Equipment/supplies	66,337	52,195	Meal packing	No donor restrictions	Equipment and supplies donated by vendors in support of food packaging process recorded at current pricing for similar supplies and equipment.
Occupancy costs	14,525	18,203	Meal packing locations	No donor restrictions	Food packaging site operating costs per the agreement, were in part, not charged to the organization as a result of landlord's decision to pay these costs themselves.
Occupancy costs	-	131,250	MobilePack events	No donor Restrictions	Donated use of warehouse for four months at market rental rates.
Donated auction items	45,222	20,116	Fundraising	Donor restricted, time restriction	Auction items donated for a future fundraising event, valued at estimated fair market value for similar goods and services.

11. Employee benefit plan:

The Organization has a 401(k) retirement plan. The 401(k) plan is a safe harbor plan and the Organization is committed to making matching contributions equal to 100% of eligible salary deferrals up to 3% of compensation plus 50% of eligible salary deferrals between 3% and 5% of compensation. The Organization made employer-matching contributions to the Plan of \$539,312 and \$469,495 during 2025 and 2024, respectively.

12. Purchase commitments:

As of February 28, 2025 and February 29, 2024, the Organization's future obligations for the purchase of raw materials under contracts totaled approximately \$9.2 million and \$10 million, respectively.