

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2024 AND 2023  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

ORPHAN GRAIN TRAIN, INC.

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## INDEPENDENT AUDITORS' REPORT

### HERLEY & REINKE ACCOUNTING, P.C.

**CERTIFIED PUBLIC  
ACCOUNTANTS &  
BUSINESS CONSULTANTS**

Brock Herley  
BrenDee Reinke

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508 West Prospect Avenue  
P.O. Box 368  
Norfolk, NE 68702-0368  
P: 402 379 2722  
F: 402 379 2218

[www.hra.cpa](http://www.hra.cpa)

MEMBERS

American Institute of  
Certified Public Accountants

Nebraska Society of  
Certified Public Accountants

To the Board of Directors of  
Orphan Grain Train, Inc.

### Opinion

We have audited the consolidated financial statements of Orphan Grain Train, Inc. (a non-profit organization), which comprise the consolidated statements of financial position as of May 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Orphan Grain Train, Inc. as of May 31, 2024 and 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Orphan Grain Train, Inc. 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Orphan Grain Train, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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

To the Board of Directors  
Orphan Grain Train, Inc.

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:

- a) Exercise professional judgment and maintain professional skepticism throughout the audit.
- b) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- c) 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 Orphan Grain Train, Inc.'s internal control. Accordingly, no such opinion is expressed.
- d) Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- e) Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orphan Grain Train, Inc.'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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of functional expenses for the current year, the consolidated schedule of functional expenses for the prior year, the statements of financial position and activities – OGT Logistics, LLC, and the statements of financial position and activities – Hope for the Starving, LLC are presented for purposes of additional analysis and 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 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.

HR

HERLEY & REINKE ACCOUNTING, P.C.  
Certified Public Accountants

Norfolk, Nebraska  
September 4, 2024

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MAY 31, 2024 AND 2023

	<u>ASSETS</u>	
	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 11,281,948	\$ 12,617,965
Endowment Funds	35,583	32,684
Accounts Receivable	10,538	69,825
Campaign Pledge Receivable - Current Portion	689,773	1,298,985
Inventory	9,888,553	10,453,129
Prepaid Expenses	8,266	13,920
Investments	468,058	334,783
Total Current Assets	<u>\$ 22,382,719</u>	<u>\$ 24,821,291</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>\$ 10,236,640</u>	<u>\$ 6,422,045</u>
<b>DONOR RESTRICTED ASSETS</b>		
Endowment Funds	<u>\$ 445,581</u>	<u>\$ 409,285</u>
<b>OTHER ASSETS</b>		
Campaign Pledge Receivable - Net of Current Portion	<u>\$ 404,944</u>	<u>\$ 611,598</u>
<b>TOTAL ASSETS</b>	<u>\$ 33,469,884</u>	<u>\$ 32,264,219</u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 15,278	\$ 103,225
Cash Overdraft	65,657	104,884
Accrued Payroll	2,858	1,827
Total Current Liabilities	<u>\$ 83,793</u>	<u>\$ 209,936</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 27,877,678	\$ 24,491,503
With Donor Restrictions	5,508,413	7,562,780
Total Net Assets	<u>\$ 33,386,091</u>	<u>\$ 32,054,283</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 33,469,884</u>	<u>\$ 32,264,219</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MAY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUE		
Revenue Without Donor Restrictions		
Public Support - Cash Contributions	\$ 4,188,175	\$ 4,262,699
Donated Property and Equipment	70,000	-
Gifts-in-Kind	41,834,988	41,533,265
Public Support - Fish Feed/New Initiatives	42,384	100,046
Special Events Income	45,100	19,287
Convention Income	240	21,249
Hope for the Starving Income	501,105	493,417
Miscellaneous Income	61,665	10,949
Investment Income	93,555	-
Interest Income	317,278	213,624
Gain on Sale of Property and Equipment	2,399	1,391
OGT Logistics - Outside Trip Income	-	7,537
Total Revenue Without Donor Restrictions	<u>\$ 47,156,889</u>	<u>\$ 46,663,464</u>
Net Assets Released from Restrictions		
or from Satisfaction of Donor Imposed Restrictions	<u>\$ 4,384,786</u>	<u>\$ 4,518,292</u>
Total Revenue and Other Support Without Donor Restrictions	<u>\$ 51,541,675</u>	<u>\$ 51,181,756</u>
EXPENSES		
Expenses Without Donor Restrictions		
Program Services		
Humanitarian Aid and Disaster Relief	\$ 47,025,735	\$ 49,861,104
Management and General	581,171	543,359
Fundraising	548,594	547,378
Investment Loss	-	42,504
Total Expenses Without Donor Restrictions	<u>\$ 48,155,500</u>	<u>\$ 50,994,345</u>
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 3,386,175</u>	<u>\$ 187,411</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Public Support - Cash Contributions	\$ 2,330,419	\$ 5,020,828
Net Assets Released from Restrictions		
or from Satisfaction of Donor Imposed Restrictions	<u>(4,384,786)</u>	<u>(4,518,292)</u>
NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ (2,054,367)</u>	<u>\$ 502,536</u>
NET CHANGE IN NET ASSETS	\$ 1,331,808	\$ 689,947
NET ASSETS AT BEGINNING OF YEAR	<u>32,054,283</u>	<u>31,364,336</u>
NET ASSETS AT END OF YEAR	<u>\$ 33,386,091</u>	<u>\$ 32,054,283</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,331,808	\$ 689,947
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided (Used) by Operating Activities:		
Depreciation	254,758	267,289
(Gain)/Loss on Sale of Property and Equipment	(2,399)	(1,391)
Change in Endowment Funds	(39,195)	57,239
Change in Accounts Receivable	59,287	(52,275)
Change in Prepaid Expenses	5,654	(13,920)
Change in Campaign Pledge Receivable	815,866	(852,144)
Change in Inventory	564,576	2,616,708
Change in Accounts Payable	(87,947)	79,885
Change in Accrued Payroll	1,031	(301)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,833,439</u>	<u>\$ 2,791,037</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	\$ (133,275)	\$ (44,356)
Purchase of Property and Equipment	(3,996,954)	(1,064,731)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>\$ (4,130,229)</u>	<u>\$ (1,109,087)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Cash Overdraft	\$ (39,227)	\$ (119,929)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (1,336,017)	\$ 1,562,021
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>12,617,965</u>	<u>11,055,944</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 11,281,948</u>	<u>\$ 12,617,965</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

**NATURE OF ENTITY:** Orphan Grain Train, Inc., a nonprofit organization, began operations in May 1992. Orphan Grain Train, Inc. provides humanitarian aid and disaster relief to those in need in the United States and other countries around the world. The Organization receives donations of food, clothing, medical supplies and equipment, Christian literature and cash contributions from the general public and transports these items to partner organizations in the United States and around the world for people in need.

Orphan Grain Train, Inc. has separate branches and collection centers, throughout the United States, that are organized under one board and Orphan Grain Train, Inc.'s name. Headquartered in Norfolk, Nebraska, the branches are located in Arizona, Colorado, Connecticut, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Nebraska, Nevada, North Dakota, Pennsylvania, and Wisconsin. Collection centers are located in California, Colorado, Kansas, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Texas.

**CONSOLIDATION:** The accompanying consolidated financial statements include Orphan Grain Train, Inc. and its wholly-owned subsidiaries, OGT Logistics, LLC and Hope for the Starving, LLC. All significant intercompany accounts have been eliminated in consolidation. Revenues attributed to Orphan Grain Train, Inc. were \$565,251 and \$530,469 for OGT Logistics, LLC, including \$565,251 and \$522,932 that was eliminated in consolidation, which was 1.14% and 1.01% of total revenues in 2024 and 2023, respectively. Revenues attributed to Orphan Grain Train, Inc. were \$501,105 and \$493,417 for Hope for the Starving, LLC, which was 1.01% and .94% of total revenues in 2024 and 2023, respectively.

**BASIS OF ACCOUNTING:** The consolidated financial statements of Orphan Grain Train, Inc. have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Thus, revenues are recognized when earned, and expenses are recognized when incurred.

**NET ASSETS:** Net assets are displayed in two components as follows:

Without Donor Restrictions – This component consists of net assets that do not meet the definition of “with donor restrictions.”

With Donor Restrictions – This component consists of net assets that are specifically restricted by outside parties or donors for specific purposes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as without donor restrictions.

**GIFTS-IN-KIND DONATIONS:** Orphan Grain Train, Inc. records noncash donations used towards the program of providing relief as revenues when received and expenses when shipped. The valuation method is based on a method of average value per pound or per box and item set by the Board of Directors.

**CONTRIBUTIONS:** Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. If there is a question as to which restriction should be used, Orphan Grain Train, Inc. calls the donor to verify.

**CASH AND CASH EQUIVALENTS:** Orphan Grain Train, Inc. considers all investments that are highly liquid to be cash equivalents. Restricted cash and cash equivalents are limited in use by grant and donor imposed restrictions.



ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

MAY 31, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES, CONTINUED

**PROPERTY AND EQUIPMENT:** Equipment expenditures greater than \$1,500 are capitalized. Contributed property and equipment are recorded at fair value at the time of donation. Expenditures for maintenance and repairs are charged to operations as incurred.

Property and equipment are carried at cost or fair value, depending on the method of acquisition. Depreciation is computed using annual rates which are sufficient to amortize the cost of depreciable property and equipment under the straight-line method over the following estimated useful lives:

Furniture and Equipment	3 to 20 years
Vehicles	5 to 7 years
Buildings & Improvements	15 to 40 years

The Organization utilized a warehouse rent-free at the Minnesota branch. Gifts-in-kind rent of \$0 and \$0 has been recorded for the use of the warehouse for the fiscal years ended May 31, 2024 and 2023, respectively.

**DONATED SERVICES:** The total value of non-professional services was \$1,096,775 and \$1,247,428 based on a \$9 per hour wage rate for the years ended May 31, 2024 and 2023, respectively. Non-professional services were not recorded on the books in accordance with generally accepted accounting principles.

**RISKS AND UNCERTAINTIES:** Sources of revenue - The Organization receives donations from the general public in order to raise funds for operating costs.

**PERVASIVENESS OF ESTIMATES:** The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ADVERTISING:** The Organization expenses advertising costs as they are incurred. Advertising expenses were \$124,292 and \$160,983 for the years ending May 31, 2024 and 2023, respectively.

**CONCENTRATION IN SHIPPING:** The Organization primarily uses OGT Logistics, LLC, a wholly-owned subsidiary to ship products domestically. These shipments are at a reduced rate from fair value.

**INVENTORY:** Inventory consists primarily of donated items on hand to be later transported to partner organizations in the United States and around the world for people in need. The valuation method is based on a method of average value per unit set by the Board of Directors based on research for corresponding Goodwill, Salvation Army, and other values.

**INCOME TAXES:** The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for taxes on net unrelated business income over \$1,000. Unrelated business income is earned through transportation hauling for outside parties. The Organization is not classified as a private foundation for income tax purposes. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

MAY 31, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES, CONTINUED

**INCOME TAXES, CONTINUED:** The Organization's federal Exempt Organization Business Income Tax Returns (Forms 990 and 990-T) for the years ended May 31, 2020, 2021, 2022, and 2023 are subject to examination by the IRS, generally for three years after they were filed.

**FAIR VALUE OF CONSOLIDATED FINANCIAL STATEMENTS:** The carrying amounts of cash and cash equivalents and endowment cash and cash equivalents are reasonable estimates of their fair values. Fair values for investments are based on quoted market prices.

**FUNCTIONAL ALLOCATION OF EXPENSES:** The costs of various programs and supporting activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**RECLASSIFICATION:** Certain reclassifications have been made to the May 31, 2023 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**SUBSEQUENT EVENTS:** Subsequent events were evaluated through September 4, 2024, which is the date the consolidated financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash held at various banks consists of checking accounts, savings accounts and certificates of deposits.

At May 31, 2024, the Organization's had cash deposits and certificates in excess of the \$250,000 Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) limits were exposed to custodial credit risk as follows:

Uninsured not collateralized by securities held by the pledging financial institution	\$ 1,034,760
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NOTE 3 – INVESTMENTS

Stocks and cash investments are stated at fair value based on quoted prices in active markets. The investment in the Horst Living Trust is recorded using the equity method due to the lack of marketability. Investments consist of the following at May 31:

	2024 <u>Fair Value</u>	2023 <u>Fair Value</u>
Stocks	\$ 12,092	\$ 9,888
Cash	402	429
Total	<u>\$ 12,494</u>	<u>\$ 10,317</u>

Investment income is reported net of investment expenses in the Consolidated Statement of Activities.

ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

MAY 31, 2024

NOTE 4 – ACCOUNTS RECEIVABLE

Other accounts receivables consist of amounts due for the Hope for the Starving LLC for food and packaging materials sold to Mercy Meals not-for-profit organizations and other miscellaneous items due to Orphan Grain Train, Inc.

The amount of receivables due over 90 days was \$0, and \$1,551, as of May 31, 2024 and 2023, respectively. The amount of accounts receivable expected by management to be uncollectible is insignificant; therefore, Orphan Grain Train, Inc. does not maintain an allowance for doubtful accounts. The direct write-off method is used for uncollectible amounts.

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable reflect unconditional promises to give to the Norfolk, Nebraska collection center warehouse campaign and are recorded at net realizable value. There were pledges written off of \$12,500 and \$19,500 for the years ending of May 31, 2024 and 2023, respectively.

	<u>2024</u>	<u>2023</u>
Pledges Receivable, Current	\$ 109,495	\$ 136,157
Pledges Receivable, Noncurrent	210,470	268,452
Less Discount to Fair Value	(15,352)	(20,802)
Total Pledges Receivable	<u>\$ 304,613</u>	<u>\$ 383,807</u>

Estimated future cash flows of pledges receivable at May 31, 2024 are as follows:

Due	Estimated Cash Flows	Discount	Discounted Value
2025	\$ 109,495	\$ -	\$ 109,495
2026	99,070	(3,963)	95,107
2027	61,675	(4,934)	56,741
2028	37,625	(4,515)	33,110
2029	12,000	(1,920)	10,080
2030	100	(20)	80
Total	<u>\$ 319,965</u>	<u>\$ (15,352)</u>	<u>\$ 304,613</u>

Pledges receivable reflect unconditional promises to give to the Houston, Texas collection center warehouse campaign and are recorded at net realizable value. There were no pledges written off in 2024 or 2023.

	<u>2024</u>	<u>2023</u>
Pledges Receivable, Current	\$ 580,278	\$ 1,162,828
Pledges Receivable, Noncurrent	224,757	396,274
Less Discount to Fair Value	(14,931)	(32,326)
Total Pledges Receivable	<u>\$ 790,104</u>	<u>\$ 1,526,776</u>

ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

MAY 31, 2024

NOTE 5 – PLEDGES RECEIVABLE, CONTINUED

Estimated future cash flows of pledges receivable at May 31, 2024 are as follows:

Due	Estimated Cash Flows	Discount	Discounted Value
2025	\$ 580,278	\$ -	\$ 580,278
2026	119,482	(4,779)	114,703
2027	62,025	(4,962)	57,063
2028	32,450	(3,894)	28,556
2029	10,800	(1,296)	9,504
Total	<u>\$ 805,035</u>	<u>\$ (14,931)</u>	<u>\$ 790,104</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment for the Organization consists of the following at May 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 498,806	\$ 498,806
Buildings	10,648,602	6,763,406
Warehouse Equipment	180,542	163,638
Bedroom and Kitchen Trailers	157,182	157,182
Domestic Disaster	694,177	642,282
Heavy Trucks and Trailers	354,225	338,215
Vehicles, Light Trucks, and Trailers	824,947	752,333
Equipment – Office and Program	228,345	228,345
	<u>\$ 13,586,826</u>	<u>\$ 9,544,207</u>
Less: Accumulated Depreciation	(3,350,186)	(3,122,162)
Property and Equipment, Net	<u>\$ 10,236,640</u>	<u>\$ 6,422,045</u>

Depreciation expense is \$254,758 and \$267,289 for the fiscal years ended May 31, 2024 and 2023, respectively.

The Organization had no capitalized interest in the current year.

NOTE 7 – ACCRUED VACATION AND SICK PAY

The cost of accrued vacation and sick pay are recorded when disbursed and not accrued. These are not expected to exceed a normal year's accumulation.

NOTE 8 – 403(b) RETIREMENT PLAN

Orphan Grain Train, Inc. has a 403(b) retirement plan with Thrivent. The only eligibility requirement is that the employee must be on Orphan Grain Train, Inc.'s payroll. Orphan Grain Train, Inc. contributes \$25 each semi-monthly pay period for each employee into the 403(b) plan. The employees can also contribute additional funds out of their paycheck up to a maximum contribution. Orphan Grain Train, Inc. paid \$7,350 and \$7,250 to the employees, for the years ended May 31, 2024 and 2023, respectively.

ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

MAY 31, 2024

NOTE 9 – LEASES

In December 2020, the Organization entered into an operating lease agreement for warehouse space at the Mid-Atlantic branch location. The lease term is 36 months, with monthly payments due of \$1,000. The lease was renewed in December 2023. The new lease term is 36 months, with monthly payments due of \$1,100. Amounts paid by the Organization in conjunction with the office space lease were \$12,900 and \$12,000 for the years ended May 31, 2024 and 2023, respectively.

In May 2019, the Organization entered into an operating lease agreement for a copier/printer. The lease term is 60 months, with monthly payments due of \$111. Amounts paid in conjunction with the copier lease were \$1,113 and \$1,336 for the years ended May 31, 2024 and 2023, respectively. The lease was not renewed.

In May 2024, the Organization entered into an operating lease agreement for a postage meter. The lease term is 60 months, with monthly payments due of \$50. Amounts paid in conjunction with the postage meter lease were \$0 and \$0 for the years ended May 31, 2024 and 2023, respectively.

Future minimum lease payments are as follows:

	<u>Postage Meter</u>	<u>Warehouse</u>	<u>Amount</u>
Year ending May 31:			
2025	\$ 600	\$ 13,800	\$ 14,400
2026	600	6,900	7,500
2027	600	-	600
2028	600	-	600
2029	600	-	600
Totals	<u>\$ 3,000</u>	<u>\$ 20,700</u>	<u>\$ 23,700</u>

NOTE 10 – RENTAL INCOME

The Organization entered into a 2 year rent agreement on October 20, 2021 for the building located at 605 West Madison Avenue, Norfolk, Nebraska, with rent payments of \$400 per month. The rent agreement was renewed for 2 years on July 11, 2024 with rent payments of \$400 per month. Total rental income from this lease for the years ending May 31, 2024 and 2023 was \$4,800 and \$4,800, respectively.

NOTE 11 – FAIR VALUE MEASUREMENTS

The Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 820-10 which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC Section 820-10 defines fair value as the exchange price which would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC Section 820-10 requires valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The three levels of the fair value hierarchy are as follows:

Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities which the Organization has the ability to access at the measurement date.

ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

MAY 31, 2024

NOTE 11 – FAIR VALUE MEASUREMENTS, CONTINUED

Level 2: Level 2 inputs are inputs other than quoted prices included within Level 1 which are observable for an asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for an asset or liability.

The estimated fair values for Orphan Grain Train, Inc.'s financial assets and liabilities measured on a recurring basis as of May 31, 2024 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Stocks	\$ 12,092	\$ 12,092	\$ -	\$ -
Cash	402	402	-	-
The Horst Living Trust	455,564	-	-	455,564
Total	<u>\$ 468,058</u>	<u>\$ 12,494</u>	<u>\$ -</u>	<u>\$ 455,564</u>

The estimated fair values for Orphan Grain Train, Inc.'s financial assets and liabilities measured on a recurring basis as of May 31, 2023 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Stocks	\$ 9,888	\$ 9,888	\$ -	\$ -
Cash	429	429	-	-
The Horst Living Trust	324,466	-	-	324,466
Total	<u>\$ 334,783</u>	<u>\$ 10,317</u>	<u>\$ -</u>	<u>\$ 324,466</u>

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Substantially all of the restrictions in net assets as of May 31, 2024 and 2023, are related to funds received for humanitarian aid or other needs of the association.

Net assets with donor restrictions totaled \$5,508,413 and \$7,562,780 as of May 31, 2024 and 2023, respectively. Net assets with donor restrictions consisted of \$445,581 and \$409,285, respectively, in endowment certificate of deposits that earn interest which are restricted for assistance with the Adopt an Orphanage and Hanna House programs.

NOTE 13 – SHIPPING COSTS

Shipping costs of \$139,988 and \$229,871 are included in program costs on the statement of activities for the years ended May 31, 2024 and 2023, respectively.

NOTE 14 – ENDOWMENT FUNDS

The Organization has three endowments. One endowment consists of a fund established for the Adopt an Orphanage program. Its endowment includes only donor restricted funds. The second endowment consists of a fund established for the operational needs of the Orphan Grain Train's Wisconsin branch. Its endowment includes only without donor restricted funds. The third endowment consists of a fund established for the Hanna House program. Its endowment includes only donor restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of

ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

MAY 31, 2024

NOTE 14 – ENDOWMENT FUNDS, CONTINUED

donor-imposed restrictions. The Organization has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) 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. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with NUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

A summary of the change in endowment net assets for the year ended May 31, 2024 is as follows:

Endowment Net Assets - With Donor Restrictons,	
Beginning of Year	\$ 409,285
Distributions	(23,936)
Investment Return, Net	60,232
Endowment Net Assets - With Donor Restrictons,	<u>60,232</u>
End of Year	<u>\$ 445,581</u>
Endowment Net Assets - Without Donor Restrictons,	
Beginning of Year	\$ 32,684
Distributions	(1,911)
Investment Return, Net	4,810
Endowment Net Assets - Without Donor Restrictons,	<u>4,810</u>
End of Year	<u>\$ 35,583</u>

Investment Return Objectives, Risk Parameters and Strategies: Endowment assets will be invested in 75% stocks and 25% bonds with income, up to 5%, benefiting Orphan Grain Train, Inc. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Organization may appropriate income from the endowment of up to 5% for the benefit of the Organization.

ORPHAN GRAIN TRAIN, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

MAY 31, 2024

NOTE 15 – RELATED PARTY TRANSACTIONS

The Organization has a bank account set up under a board member's name to use to wire funds to Russia and the Baltic States for the support of the orphanages, prisons and hospitals. The account is set up in the board member's name because wires from a corporation could cause the people receiving the funds to be declared "foreign agents" and place them in danger. Prior to sending a wire, funds for the amount of the wire are transferred from the Organization into this bank account and then wired to Russia or the Baltic States. In between wires, there is only a balance of \$150 kept in this bank account.

The Organization receives generous contributions from various board members throughout the year. These donations are generally in the form of cash.

The Organization had transactions with a local law firm for legal services. A member of the board is a partner of the law firm. For the year ended May 31, 2024, the Organization paid the law firm \$1,187.

NOTE 16 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and savings accounts, and money market funds. As of May 31, 2024, the Organization had \$12,475,917 of financial assets available within one year of the balance sheet date to meet cash needs for operating expenditures, consisting of cash and cash equivalents of \$11,281,948, \$481,164 of funded endowments, \$10,538 of accounts receivable, \$689,773 of campaign pledge receivables and \$12,494 of investments.

As of May 31, 2023, the Organization had \$14,439,061 of financial assets available within one year of the balance sheet date to meet cash needs for operating expenditures, consisting of cash and cash equivalents of \$12,617,965, \$441,969 of funded endowments, \$69,825 of accounts receivable, \$1,298,985 of campaign pledge receivables and \$10,317 of investments.



SUPPLEMENTARY INFORMATION

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2024

EXPENSES	<u>Humanitarian Aid and Disaster Relief</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Relief and Assistance				
Clothes	\$ 22,857,331	\$ -	\$ -	\$ 22,857,331
Medical Supplies	3,116,126	-	-	3,116,126
Medical Equipment	921,312	-	-	921,312
Food	10,019,058	-	-	10,019,058
Freight and Shipping	1,099,824	-	-	1,099,824
Miscellaneous	1,036,023	-	-	1,036,023
Disaster	236,321	-	-	236,321
Household	3,500,055	-	-	3,500,055
School	643,205	-	-	643,205
Support Missionaries	538,701	-	-	538,701
Purchased Inventory	630,865	-	-	630,865
Total Relief and Assistance	<u>\$ 44,598,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,598,821</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2024

	Humanitarian Aid and Disaster Relief	Management and General	Fundraising	Total
OTHER EXPENSES				
Cost of Good Sold - Hope for the Starving	\$ 434,507	\$ -	\$ -	\$ 434,507
Salaries and Wages	268,589	322,812	180,473	771,874
Employee Benefits	66,648	188,718	115,700	371,066
Payroll Taxes	15,459	18,146	9,226	42,831
Repairs and Maintenance	168,055	3,209	-	171,264
Supplies	175,593	410	5,755	181,758
Transportation	146,918	-	-	146,918
Gas and Fuel	141,959	-	-	141,959
Insurance	246,983	7,170	(2,474)	251,679
Depreciation	254,758	-	-	254,758
Contract Services	28,249	13,144	26,535	67,928
Professional Fees	69,978	-	-	69,978
Advertising	11,062	987	112,243	124,292
Dues, Subscriptions, and Licenses	20,951	250	632	21,833
Meetings and Conferences	7,381	645	179	8,205
Travel	36,264	8,563	50,550	95,377
Office Supplies	11,477	4,773	1,351	17,601
Postage	15,656	339	9,219	25,214
Fundraiser Expense	-	-	30,128	30,128
Special Events	40,393	2,583	7,226	50,202
Rent	63,065	-	-	63,065
Taxes	9,829	-	-	9,829
Utilities	104,581	8,195	-	112,776
Telephone	11,202	1,192	1,851	14,245
Miscellaneous	76,305	-	-	76,305
Bank Charges	1,052	35	-	1,087
Total Other Expenses	<u>\$ 2,426,914</u>	<u>\$ 581,171</u>	<u>\$ 548,594</u>	<u>\$ 3,556,679</u>
Total Expenses	<u>\$ 47,025,735</u>	<u>\$ 581,171</u>	<u>\$ 548,594</u>	<u>\$ 48,155,500</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2023

EXPENSES	Humanitarian Aid and Disaster Relief	Management and General	Fundraising	Total
Relief and Assistance				
Clothes	\$ 24,878,096	\$ -	\$ -	\$ 24,878,096
Medical Supplies	3,830,464	-	-	3,830,464
Medical Equipment	1,217,105	-	-	1,217,105
Food	8,916,475	-	-	8,916,475
Freight and Shipping	1,258,923	-	-	1,258,923
Miscellaneous	891,250	-	-	891,250
Disaster	276,763	-	-	276,763
Household	3,590,189	-	-	3,590,189
School	633,826	-	-	633,826
Support Missionaries	849,491	-	-	849,491
Purchased Inventory	757,380	-	-	757,380
Total Relief and Assistance	<u>\$ 47,099,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,099,962</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2023

	Humanitarian Aid and Disaster Relief	Management and General	Fundraising	Total
OTHER EXPENSES				
Cost of Good Sold - Hope for the Starving	\$ 453,097	\$ -	\$ -	\$ 453,097
Salaries and Wages	189,105	330,874	179,662	699,641
Employee Benefits	60,486	150,586	72,157	283,229
Payroll Taxes	14,468	18,341	9,202	42,011
Repairs and Maintenance	480,508	1,158	-	481,666
Supplies	228,368	903	7,113	236,384
Transportation	229,871	-	-	229,871
Gas and Fuel	157,435	-	-	157,435
Insurance	220,415	1,695	(2,395)	219,715
Depreciation	267,289	-	-	267,289
Contract Services	28,256	15,217	20,751	64,224
Professional Fees	49,807	-	-	49,807
Advertising	9,642	200	151,141	160,983
Dues, Subscriptions, and Licenses	15,422	-	224	15,646
Convention expense	5,887	679	25,057	31,623
Meetings and Conferences	7,576	1,640	211	9,427
Travel	43,956	4,965	32,945	81,866
Office Supplies	17,625	8,127	427	26,179
Postage	19,826	124	8,609	28,559
Fundraiser Expense	-	-	29,187	29,187
Special Events	24,166	-	11,597	35,763
Rent	61,235	-	-	61,235
Taxes	24,471	-	-	24,471
Utilities	114,913	7,897	-	122,810
Telephone	10,152	953	1,490	12,595
Miscellaneous	26,301	-	-	26,301
Bank Charges	865	-	-	865
Total Other Expenses	<u>\$ 2,761,142</u>	<u>\$ 543,359</u>	<u>\$ 547,378</u>	<u>\$ 3,851,879</u>
Total Expenses	<u>\$ 49,861,104</u>	<u>\$ 543,359</u>	<u>\$ 547,378</u>	<u>\$ 50,951,841</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

STATEMENTS OF FINANCIAL POSITION - OGT LOGISTICS, LLC

MAY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 255,165	\$ 258,267
Prepaid Expenses	8,266	13,920
TOTAL CURRENT ASSETS	<u>\$ 263,431</u>	<u>\$ 272,187</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 105,293</u>	<u>\$ 84,575</u>
TOTAL ASSETS	<u><u>\$ 368,724</u></u>	<u><u>\$ 356,762</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 14,573	\$ 3,808
Accrued Payroll	1,481	1,281
TOTAL CURRENT LIABILITIES	<u>\$ 16,054</u>	<u>\$ 5,089</u>
NET ASSETS		
Without Donor Restrictions	<u>\$ 352,670</u>	<u>\$ 351,673</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 368,724</u></u>	<u><u>\$ 356,762</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

STATEMENTS OF ACTIVITIES - OGT LOGISTICS, LLC

FOR THE YEARS ENDED MAY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUE		
Inside Trip Income	\$ 565,251	\$ 522,932
Outside Trip Income	-	7,537
Public Support - Cash Contributions	3,250	1,275
Donated Property and Equipment	20,000	-
Total Revenue Without Donor Restrictions	<u>\$ 588,501</u>	<u>\$ 531,744</u>
EXPENSES		
Advertising	\$ 158	\$ -
Bank Charges	65	-
Contract Services	100	2,973
Depreciation	41,582	41,470
Dues, Subscriptions, and Licenses	11,149	10,734
Gas and Fuel	141,959	157,435
Insurance	82,210	74,999
Miscellaneous	6,315	6,516
Office Supplies	801	1,757
Payroll Taxes	9,312	9,375
Professional Fees	1,618	2,061
Repairs and Maintenance	78,305	82,136
Salaries and Wages	115,702	122,534
Supplies	10,744	24,079
Taxes	4,815	10,776
Telephone	2,444	2,743
Travel	1,312	4,577
Transportation	92,876	76,540
Utilities	2,008	2,040
Total Expenses Without Donor Restrictions	<u>\$ 603,475</u>	<u>\$ 632,745</u>
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	<u>\$ (14,974)</u>	<u>\$ (101,001)</u>
Other Increase (Decrease) in Net Assets Without Donor Restrictions		
Other Income	<u>\$ 15,971</u>	<u>\$ 2,018</u>
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 997</u>	<u>\$ (98,983)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR	<u>351,673</u>	<u>450,656</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u><u>\$ 352,670</u></u>	<u><u>\$ 351,673</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS

ORPHAN GRAIN TRAIN, INC.

STATEMENTS OF FINANCIAL POSITION - HOPE FOR THE STARVING, LLC

MAY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 178,749	\$ 7,857
Accounts Receivable	10,538	93,512
Inventory	82,264	128,710
TOTAL CURRENT ASSETS	<u>\$ 271,551</u>	<u>\$ 230,079</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	<u>\$ 705</u>	<u>\$ 705</u>
NET ASSETS		
Without Donor Restrictions	<u>\$ 270,846</u>	<u>\$ 229,374</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 271,551</u>	<u>\$ 230,079</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS



ORPHAN GRAIN TRAIN, INC.

STATEMENTS OF ACTIVITIES - HOPE FOR THE STARVING, LLC

FOR THE YEARS ENDED MAY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUE		
Revenue Without Donor Restrictions		
Sales	\$ 501,105	\$ 493,417
Cost of Goods Sold	434,507	453,097
Net Profit Without Donor Restrictions	<u>\$ 66,598</u>	<u>\$ 40,320</u>
EXPENSES		
Expenses Without Donor Restrictions		
Shipping Costs	\$ 24,984	\$ -
Office Supplies	142	29,262
Total Expenses Without Donor Restrictions	<u>\$ 25,126</u>	<u>\$ 29,262</u>
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 41,472	\$ 11,058
NET ASSETS AT BEGINNING OF YEAR WITHOUT DONOR RESTRICTIONS	<u>229,374</u>	<u>218,316</u>
NET ASSETS AT END OF YEAR WITHOUT DONOR RESTRICTIONS	<u>\$ 270,846</u>	<u>\$ 229,374</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE CONSOLIDATED FINANCIAL STATEMENTS