



FOOD FOR THE POOR, INC.

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Food For The Poor, one of the largest international relief and development organizations in the nation, issued the following statement in regards to the limited California cease and desist order:

In March, the state of California filed limited cease and desist orders against Food For The Poor, and two other charities. The allegations asserted that the charities were using incorrect methods for valuing their gifts in kind and, as such, the GIK was overvalued, and that the charities' solicitations were misleading. In addition, it was alleged that FFP incorrectly allocated some fundraising costs to program activities when they were conducted together. This is commonly referred to as joint cost allocation.

Food For The Poor and the other charities immediately appealed. It was decided that the cases would be consolidated, and the hearing would be bifurcated into two issues: GIK valuation/GAAP (Generally Accepted Accounting Principles), the first issue, and solicitations, the second. The third issue, pertaining to the joint cost allocation, was dropped by the state at the outset of the hearing, which started on Nov. 27 and ended on Dec. 12.

At the end of the first phase, the Administrative Law Judge (ALJ) issued a proposed ruling from the bench. The proposed ruling states that California has not proven its case on GIK/GAAP, the first issue, and that the charities' evidence outweighs the state of California. The ALJ's proposed rulings are sent to the Attorney General of California, who then makes the final order in the case and therefore has the right to accept or deny the ALJ's ruling.

The Administrative Law Judge has asked for additional briefs regarding the solicitations part of the case and the state and the charities are complying with the ALJ's requests and the timeline for the same.

We are encouraged by the favorable proposed ruling on the GIK/GAAP valuation part of the case and that the state dropped its charge related to joint cost allocation. We are eager to have the case fully resolved, and are working hard toward that goal within the timelines established by the case.

In the meantime, FFP continues to comply with the limited cease and desist order, which relates only to the use of efficiency ratios. FFP is and has been permitted to fully operate in California, including the solicitation of contributions to support its critical mission.

About Food For The Poor

Food For The Poor, founded in 1982, feeds hundreds of thousands of people each day, has built 83,557 homes since its inception, and has provided more than \$14.3 billion in aid to the poorest of the poor. In addition to feeding millions of the hungry poor primarily in 17 countries of the Caribbean and Latin America, this interdenominational Christian ministry provides emergency relief assistance, clean water, medicines, educational materials, homes, support for orphans and the aged, skills training and micro-enterprise development assistance. For more information, please visit www.FoodForThePoor.org.