

ORPHAN GRAIN TRAIN, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2025 AND 2024
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

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, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Consolidated Financial Statements

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

To the Board of Directors
Orphan Grain Train, Inc.

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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.

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

Norfolk, Nebraska
September XX, 2025

ORPHAN GRAIN TRAIN, INC.CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONMAY 31, 2025 AND 2024

ASSETS		2025	2024
CURRENT ASSETS			
Cash and Cash Equivalents	\$	8,688,979	\$ 9,779,683
Endowment Funds		37,255	35,583
Accounts Receivable		-	10,538
Campaign Pledge Receivable - Current Portion		325,022	689,773
Inventory		11,621,908	9,888,553
Prepaid Expenses		8,266	8,266
Investments		1,513,142	1,970,323
Total Current Assets	\$	<u>22,194,572</u>	<u>\$ 22,382,719</u>
PROPERTY AND EQUIPMENT, NET	\$	<u>15,188,090</u>	<u>\$ 10,236,640</u>
DONOR RESTRICTED ASSETS			
Endowment Funds	\$	<u>476,691</u>	<u>\$ 445,581</u>
OTHER ASSETS			
Campaign Pledge Receivable - Net of Current Portion	\$	<u>195,801</u>	<u>\$ 404,944</u>
TOTAL ASSETS	\$	<u><u>38,055,154</u></u>	<u><u>\$ 33,469,884</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$	18,358	\$ 15,278
Cash Overdraft		49,601	65,657
Accrued Payroll		4,540	2,858
Total Current Liabilities	\$	<u>72,499</u>	<u>\$ 83,793</u>
NET ASSETS			
Without Donor Restrictions	\$	33,643,255	\$ 27,877,678
With Donor Restrictions		4,339,400	5,508,413
Total Net Assets	\$	<u>37,982,655</u>	<u>\$ 33,386,091</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>38,055,154</u></u>	<u><u>\$ 33,469,884</u></u>

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

ORPHAN GRAIN TRAIN, INC.CONSOLIDATED STATEMENTS OF ACTIVITIESFOR THE YEARS ENDED MAY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUE		
Revenue Without Donor Restrictions		
Public Support - Cash Contributions	\$ 6,502,264	\$ 4,188,175
Donated Property and Equipment	25,500	70,000
Gifts-in-Kind	44,639,226	41,834,988
Public Support - Fish Feed/New Initiatives	42,230	42,384
Special Events Income	28,943	45,100
Convention Income	44,998	240
Hope for the Starving Income	466,519	501,105
Miscellaneous Income	37,048	61,665
Investment Income	86,752	93,555
Interest Income	275,944	317,278
Gain on Sale of Property and Equipment	-	2,399
Total Revenue Without Donor Restrictions	<u>\$ 52,149,424</u>	<u>\$ 47,156,889</u>
Net Assets Released from Restrictions or from Satisfaction of Donor Imposed Restrictions	<u>\$ 3,216,807</u>	<u>\$ 4,384,786</u>
Total Revenue and Other Support Without Donor Restrictions	<u>\$ 55,366,231</u>	<u>\$ 51,541,675</u>
EXPENSES		
Expenses Without Donor Restrictions		
Program Services		
Humanitarian Aid and Disaster Relief	\$ 48,491,090	\$ 47,025,735
Management and General	564,006	581,171
Fundraising	545,558	548,594
Total Expenses Without Donor Restrictions	<u>\$ 49,600,654</u>	<u>\$ 48,155,500</u>
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 5,765,577</u>	<u>\$ 3,386,175</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Public Support - Cash Contributions	\$ 2,047,794	\$ 2,330,419
Net Assets Released from Restrictions or from Satisfaction of Donor Imposed Restrictions	<u>(3,216,807)</u>	<u>(4,384,786)</u>
NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ (1,169,013)</u>	<u>\$ (2,054,367)</u>
NET CHANGE IN NET ASSETS	<u>\$ 4,596,564</u>	<u>\$ 1,331,808</u>
NET ASSETS AT BEGINNING OF YEAR	<u>33,386,091</u>	<u>32,054,283</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 37,982,655</u></u>	<u><u>\$ 33,386,091</u></u>

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

ORPHAN GRAIN TRAIN, INC.CONSOLIDATED STATEMENTS OF CASH FLOWSFOR THE YEARS ENDED MAY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,596,564	\$ 1,331,808
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows Provided (Used) by Operating Activities:		
Depreciation	421,271	254,758
Noncash Contributions of Property and Equipment	(25,500)	(70,000)
(Gain)/Loss on Sale of Property and Equipment	-	(2,399)
Change in Endowment Funds	(32,782)	(39,195)
Change in Accounts Receivable	10,538	59,287
Change in Prepaid Expenses	-	5,654
Change in Campaign Pledge Receivable	573,894	815,866
Change in Inventory	(1,733,355)	564,576
Change in Accounts Payable	3,080	(87,947)
Change in Accrued Payroll	1,682	1,031
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,815,392</u>	<u>\$ 2,833,439</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	\$ 457,181	\$ (1,635,540)
Purchase of Property and Equipment	(5,347,221)	(3,996,954)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>\$ (4,890,040)</u>	<u>\$ (5,632,494)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Cash Overdraft	\$ (16,056)	\$ (39,227)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (1,090,704)	\$ (2,838,282)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,779,683</u>	<u>12,617,965</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,688,979</u>	<u>\$ 9,779,683</u>

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

ORPHAN GRAIN TRAIN, INC.NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSMAY 31, 2025NOTE 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 \$604,219 and \$565,251 for OGT Logistics, LLC, including \$604,219 and \$565,251 that was eliminated in consolidation, which was 1.11% and 1.16% of total revenues in 2025 and 2024, respectively. Revenues attributed to Orphan Grain Train, Inc. were \$466,519 and \$501,105 for Hope for the Starving, LLC, which was 0.85% and 0.99% of total revenues in 2025 and 2024, 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 short-term investments with maturity of three months or less 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, CONTINUEDMAY 31, 2025NOTE 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, 2025 and 2024, respectively.

DONATED SERVICES: The total value of non-professional services was \$2,074,230 and \$1,096,775 based on a \$13.50 and \$9 per hour wage rate for the years ended May 31, 2025 and 2024, respectively. Non-professional services were not recorded on the books in accordance with generally accepted accounting principles.

RISKS AND UNCERTAINTIES: Sources of revenue – A concentration of the Organization's revenue are from cash contributions from the general public. The Organization relies on these contributions to raise funds for operating costs. Cash contributions can fluctuate depending on the generosity of the public during times of need.

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 \$126,893 and \$124,292 for the years ending May 31, 2025 and 2024, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUEDMAY 31, 2025NOTE 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, 2022, 2023, and 2024 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, 2024 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 XX, 2025, 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, 2025, 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	\$ 1,238,130
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NOTE 3 – INVESTMENTS

Stocks, certificates of deposit, treasury bills and cash 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:

	<u>2025 Fair Value</u>	<u>2024 Fair Value</u>
Stocks	\$ 11,979	\$ 12,092
Treasury Bills	62,896	59,580
Certificates of Deposit	845,652	1,443,087
Horst Living Trust	592,615	455,564
Total	<u>\$ 1,513,142</u>	<u>\$ 1,970,323</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUEDMAY 31, 2025NOTE 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 \$0, as of May 31, 2025 and 2024, 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 \$0 and \$12,500 for the years ending of May 31, 2025 and 2024, respectively.

	2025	2024
Pledges Receivable, Current	\$ 128,840	\$ 109,495
Pledges Receivable, Noncurrent	111,500	210,470
Less Discount to Fair Value	(6,961)	(15,352)
Total Pledges Receivable	<u>\$ 233,379</u>	<u>\$ 304,613</u>

Estimated future cash flows of pledges receivable at May 31, 2025 are as follows:

Due	Estimated Cash Flows	Discount	Discounted Value
2026	\$ 128,840	\$ -	\$ 128,840
2027	61,375	(2,455)	58,920
2028	37,825	(3,026)	34,799
2029	12,200	(1,464)	10,736
2030	100	(16)	84
Total	<u>\$ 240,340</u>	<u>\$ (6,961)</u>	<u>\$ 233,379</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 2025 or 2024.

	2025	2024
Pledges Receivable, Current	\$ 191,182	\$ 580,278
Pledges Receivable, Noncurrent	77,275	224,757
Less Discount to Fair Value	(4,013)	(14,931)
Total Pledges Receivable	<u>\$ 264,444</u>	<u>\$ 790,104</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUEDMAY 31, 2025NOTE 5 – PLEDGES RECEIVABLE, CONTINUED

Estimated future cash flows of pledges receivable at May 31, 2025 are as follows:

Due	Estimated Cash Flows	Discount	Discounted Value
2026	\$ 191,182	\$ -	\$ 191,182
2027	57,025	(2,281)	54,744
2028	17,450	(1,396)	16,054
2029	2,800	(336)	2,464
Total	<u>\$ 268,457</u>	<u>\$ (4,013)</u>	<u>\$ 264,444</u>

Pledges receivable reflect unconditional promises to give to the Lincoln, Nebraska collection center warehouse campaign and are recorded at net realizable value. There were no pledges written off in 2025 or 2024, respectively.

	2025	2024
Pledges Receivable, Current	\$ 5,000	\$ -
Pledges Receivable, Noncurrent	20,000	-
Less Discount to Fair Value	(2,000)	-
Total Pledges Receivable	<u>\$ 23,000</u>	<u>\$ -</u>

Estimated future cash flows of pledges receivable at May 31, 2025 are as follows:

Due	Estimated Cash Flows	Discount	Discounted Value
2026	\$ 5,000	\$ -	\$ 5,000
2027	5,000	(200)	4,800
2028	5,000	(400)	4,600
2029	5,000	(600)	4,400
2030	5,000	(800)	4,200
Total	<u>\$ 25,000</u>	<u>\$ (2,000)</u>	<u>\$ 23,000</u>

NOTE 6 – PROPERTY AND EQUIPMENT

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

	2025	2024
Land	\$ 660,423	\$ 498,806
Buildings	15,674,579	10,648,602
Warehouse Equipment	260,830	180,542
Bedroom and Kitchen Trailers	157,182	157,182
Domestic Disaster	725,077	694,177
Heavy Trucks and Trailers	354,225	354,225
Vehicles, Light Trucks, and Trailers	894,408	824,947
Equipment – Office and Program	232,823	228,345
	<u>\$ 18,959,547</u>	<u>\$13,586,826</u>
Less: Accumulated Depreciation	(3,771,457)	(3,350,186)
Property and Equipment, Net	<u>\$ 15,188,090</u>	<u>\$10,236,640</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUEDMAY 31, 2025NOTE 6 – PROPERTY AND EQUIPMENT, CONTINUED

Depreciation expense is \$421,271 and \$254,758 for the fiscal years ended May 31, 2025 and 2024, 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 of \$23,500. Orphan Grain Train, Inc. paid \$8,275 and \$7,350 to the employees, for the years ended May 31, 2025 and 2024, respectively.

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 \$1,150. Amounts paid by the Organization in conjunction with the office space lease were \$13,800 and \$12,900 for the years ended May 31, 2025 and 2024, 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 \$0 and \$1,113 for the years ended May 31, 2025 and 2024, 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 \$600 and \$0 for the years ended May 31, 2025 and 2024, respectively.

In November 2024, the Organization entered into an operating lease agreement for a copier/printer. The lease term is 60 months, with monthly payments due of \$146. Amounts paid in conjunction with the copier lease were \$875 and \$0 for the years ended May 31, 2025 and 2024, respectively.

In November 2010, the Organization entered into an operating lease agreement for a parcel of land. The lease term is 99 years, with annual payments due of \$1. Amounts paid in conjunction with the land lease were \$1 and \$1 for the years ended May 31, 2025 and 2024, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUEDMAY 31, 2025NOTE 9 – LEASES, CONTINUED

Future minimum lease payments are as follows:

	<u>Postage Meter</u>	<u>Warehouse</u>	<u>Copier/Printer</u>	<u>Land</u>	<u>Amount</u>
For Year Ending May 31:					
2026	\$ 600	\$ 6,900	\$ 1,751	\$ 1	\$ 9,252
2027	600	-	1,751	1	2,352
2028	600	-	1,751	1	2,352
2029	600	-	1,751	1	2,352
2030	-	-	875	1	876
2031-2035	-	-	-	5	5
2036-2040	-	-	-	5	5
2041-2045	-	-	-	5	5
2046-2050	-	-	-	5	5
2051-2055	-	-	-	5	5
2056-2060	-	-	-	5	5
2061-2065	-	-	-	5	5
2066-2070	-	-	-	5	5
2071-2075	-	-	-	5	5
2076-2080	-	-	-	5	5
2081-2085	-	-	-	5	5
2086-2090	-	-	-	5	5
2091-2095	-	-	-	5	5
2096-2100	-	-	-	5	5
2101-2105	-	-	-	5	5
2106-2109	-	-	-	4	4
Total	<u>\$ 2,400</u>	<u>\$ 6,900</u>	<u>\$ 7,879</u>	<u>\$ 84</u>	<u>\$ 17,263</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, 2025 and 2024 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUEDMAY 31, 2025NOTE 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, 2025 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Stocks	\$ 11,979	\$ 11,979	\$ -	\$ -
The Horst Living Trust	592,615	-	-	592,615
Certificates of Deposit	845,652	845,652	-	-
Treasury Bills	62,896	62,896	-	-
Total	<u>\$ 1,513,142</u>	<u>\$ 920,527</u>	<u>\$ -</u>	<u>\$ 592,615</u>

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	\$ -	\$ -
The Horst Living Trust	455,564	-	-	455,564
Certificates of Deposit	1,443,087	1,443,087	-	-
Treasury Bills	59,580	59,580	-	-
Total	<u>\$ 1,970,323</u>	<u>\$ 1,514,759</u>	<u>\$ -</u>	<u>\$ 455,564</u>

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Substantially all of the restrictions in net assets as of May 31, 2025 and 2024, are related to funds received for humanitarian aid or other needs of the association.

Net assets with donor restrictions totaled \$4,339,400 and \$5,508,413 as of May 31, 2025 and 2024, respectively. Net assets with donor restrictions consisted of \$476,691 and \$445,581, respectively, in endowment certificate of deposits that earn interest which are restricted for assistance with the Adopt an Orphanage, Hanna House programs, and expanding the branches of the Organization.

NOTE 13 – SHIPPING COSTS

Shipping costs of \$119,370 and \$139,988 are included in program costs on the statement of activities for the years ended May 31, 2025 and 2024, respectively.

NOTE 14 – ENDOWMENT FUNDS

The Organization has four 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUEDMAY 31, 2025NOTE 14 – ENDOWMENT FUNDS, CONTINUED

endowment consists of a fund established for the Hanna House program. Its endowment includes only donor restricted funds. The fourth endowment consists of a fund established for expanding the branches of the Organization. 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 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, 2025 is as follows:

Endowment Net Assets - With Donor Restrictitons,	
Beginning of Year	\$ 445,581
Contributions	10,000
Distributions	(21,598)
Investment Return, Net	<u>42,708</u>
Endowment Net Assets - With Donor Restrictitons,	
End of Year	<u>\$ 476,691</u>
Endowment Net Assets - Without Donor Restrictitons,	
Beginning of Year	\$ 35,583
Distributions	(1,696)
Investment Return, Net	<u>3,368</u>
Endowment Net Assets - Without Donor Restrictitons,	
End of Year	<u>\$ 37,255</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUEDMAY 31, 2025**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.

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, 2025, the Organization had \$9,051,256 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 \$8,688,979, \$37,255 of funded endowments, and \$325,022 of campaign pledge receivables.

As of May 31, 2024, the Organization had \$10,515,577 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 \$9,779,683, \$35,583 of funded endowments, \$10,538 of accounts receivable, and \$689,773 of campaign pledge receivables.

NOTE 17 – REVENUE RECOGNITION

The Organization receives donations of cash and gifts-in-kind from the general public. The Organization will ship donated items to partner organization in the United States and around the world at a reduced rate from fair value. In addition, the Organization will sell food supplies to other non-profit organizations. Accounts receivable from customers were \$0 and \$10,538 as of May 31, 2025 and 2024, respectively. No allowance for doubtful accounts has been established.

SUPPLEMENTARY INFORMATION

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSESFOR THE YEAR ENDED MAY 31, 2025

	Humanitarian Aid and Disaster Relief	Management and General	Fundraising	Total
EXPENSES				
Relief and Assistance	\$ 22,724,653	\$ -	\$ -	\$ 22,724,653
Clothes	3,209,786	-	-	3,209,786
Medical Supplies	1,209,525	-	-	1,209,525
Medical Equipment	10,994,418	-	-	10,994,418
Food	1,027,033	-	-	1,027,033
Freight and Shipping	768,792	-	-	768,792
Miscellaneous	490,655	-	-	490,655
Disaster	2,783,452	-	-	2,783,452
Household	828,785	-	-	828,785
School	802,472	-	-	802,472
Support Missionaries	846,992	-	-	846,992
Purchased Inventory				
Total Relief and Assistance	\$ 45,686,563	\$ -	\$ -	\$ 45,686,563

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

ORPHAN GRAIN TRAIN, INC.

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSESFOR THE YEAR ENDED MAY 31, 2025

	Humanitarian Aid and Disaster Relief	Management and General	Fundraising	Total
OTHER EXPENSES				
Cost of Good Sold - Hope for the Starving	\$ 410,213	\$ -	\$ -	\$ 410,213
Salaries and Wages	340,689	322,174	177,077	839,940
Employee Benefits	62,386	179,697	113,907	355,990
Payroll Taxes	21,139	17,959	9,057	48,155
Repairs and Maintenance	183,661	1,310	-	184,971
Supplies	193,286	102	1,920	195,308
Transportation	217,687	-	-	217,687
Gas and Fuel	129,327	-	-	129,327
Insurance	265,562	5,238	(1,210)	269,590
Depreciation	421,271	-	-	421,271
Contract Services	39,637	5,266	27,757	72,660
Professional Fees	48,635	-	-	48,635
Advertising	26,028	-	100,865	126,893
Dues, Subscriptions, and Licenses	19,131	-	600	19,731
Convention Expense	7,020	-	40,091	47,111
Meetings and Conferences	17,185	3,170	580	20,935
Travel	51,546	12,041	50,164	113,751
Office Supplies	32,388	6,138	-	38,526
Postage	16,732	7	512	17,251
Fundraiser Expense	-	-	19,522	19,522
Special Events	55,150	-	1,776	56,926
Rent	72,958	-	-	72,958
Taxes	7,973	-	-	7,973
Utilities	138,681	7,432	-	146,113
Telephone	10,221	1,339	2,490	14,050
Miscellaneous	14,922	2,133	450	17,505
Bank Charges	1,099	-	-	1,099
Total Other Expenses	\$ 2,804,527	\$ 564,006	\$ 545,558	\$ 3,914,091
Total Expenses	\$ 48,491,090	\$ 564,006	\$ 545,558	\$ 49,600,654

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

ORPHAN GRAIN TRAIN, INC.CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSESFOR THE YEAR ENDED MAY 31, 2024

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

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

ORPHAN GRAIN TRAIN, INC.CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSESFOR 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	\$ 2,426,914	\$ 581,171	\$ 548,594	\$ 3,556,679
Total Expenses	\$ 47,025,735	\$ 581,171	\$ 548,594	\$ 48,155,500

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

ORPHAN GRAIN TRAIN, INC.STATEMENTS OF FINANCIAL POSITION - OGT LOGISTICS, LLCMAY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 291,643	\$ 255,165
Prepaid Expenses	8,266	8,266
TOTAL CURRENT ASSETS	<u>\$ 299,909</u>	<u>\$ 263,431</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 66,606</u>	<u>\$ 105,293</u>
TOTAL ASSETS	<u><u>\$ 366,515</u></u>	<u><u>\$ 368,724</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 14,217	\$ 14,573
Accrued Payroll	1,733	1,481
TOTAL CURRENT LIABILITIES	<u>\$ 15,950</u>	<u>\$ 16,054</u>
NET ASSETS		
Without Donor Restrictions	<u>\$ 350,565</u>	<u>\$ 352,670</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 366,515</u></u>	<u><u>\$ 368,724</u></u>

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

ORPHAN GRAIN TRAIN, INC.STATEMENTS OF ACTIVITIES - OGT LOGISTICS, LLCFOR THE YEARS ENDED MAY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUE		
Inside Trip Income	\$ 604,219	\$ 565,251
Public Support - Cash Contributions	4,566	3,250
Donated Property and Equipment	-	20,000
Total Revenue Without Donor Restrictions	<u>\$ 608,785</u>	<u>\$ 588,501</u>
EXPENSES		
Advertising	\$ 860	\$ 158
Bank Charges	71	65
Contract Services	2,149	100
Depreciation	38,687	41,582
Dues, Subscriptions, and Licenses	10,520	11,149
Gas and Fuel	129,327	141,959
Insurance	80,542	82,210
Miscellaneous	8,056	6,315
Office Supplies	1,001	801
Payroll Taxes	10,961	9,312
Professional Fees	1,753	1,618
Rental	134	-
Repairs and Maintenance	49,320	78,305
Salaries and Wages	134,515	115,702
Supplies	9,551	10,744
Taxes	4,213	4,815
Telephone	2,547	2,444
Travel	3,185	1,312
Transportation	120,774	92,876
Utilities	2,831	2,008
Total Expenses Without Donor Restrictions	<u>\$ 610,997</u>	<u>\$ 603,475</u>
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	<u>\$ (2,212)</u>	<u>\$ (14,974)</u>
Other Increase (Decrease) in Net Assets Without Donor Restrictions		
Other Income	<u>\$ 107</u>	<u>\$ 15,971</u>
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ (2,105)</u>	<u>\$ 997</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR	<u>352,670</u>	<u>351,673</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u><u>\$ 350,565</u></u>	<u><u>\$ 352,670</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, LLCMAY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 151,298	\$ 178,749
Accounts Receivable	-	10,538
Inventory	156,709	82,264
TOTAL CURRENT ASSETS	<u>\$ 308,007</u>	<u>\$ 271,551</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	<u>\$ 4,141</u>	<u>\$ 705</u>
NET ASSETS		
Without Donor Restrictions	<u>\$ 303,866</u>	<u>\$ 270,846</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 308,007</u>	<u>\$ 271,551</u>

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

ORPHAN GRAIN TRAIN, INC.STATEMENTS OF ACTIVITIES - HOPE FOR THE STARVING, LLCFOR THE YEARS ENDED MAY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUE		
Revenue Without Donor Restrictions		
Sales	\$ 466,519	\$ 501,105
Cost of Goods Sold	<u>410,213</u>	<u>434,507</u>
Net Profit Without Donor Restrictions	<u>\$ 56,306</u>	<u>\$ 66,598</u>
EXPENSES		
Expenses Without Donor Restrictions		
Shipping Costs	\$ 17,016	\$ 24,984
Office Supplies	189	142
Supplies	<u>6,081</u>	<u>-</u>
Total Expenses Without Donor Restrictions	<u>\$ 23,286</u>	<u>\$ 25,126</u>
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 33,020	\$ 41,472
NET ASSETS AT BEGINNING OF YEAR WITHOUT DONOR RESTRICTIONS	<u>270,846</u>	<u>229,374</u>
NET ASSETS AT END OF YEAR WITHOUT DONOR RESTRICTIONS	<u><u>\$ 303,866</u></u>	<u><u>\$ 270,846</u></u>

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