

Stop Hunger Now, Inc.

Report on Financial Statements

***For the year ended December 31, 2014
With Comparative Totals for 2013***

Stop Hunger Now, Inc.

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Independent Auditor's Report

To the Board of Directors
Stop Hunger Now, Inc.
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Stop Hunger Now, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2014, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stop Hunger Now, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Stop Hunger Now, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Elliott Davis Decosimo, PLLC

Raleigh, North Carolina
June 2, 2015

Stop Hunger Now, Inc.
Statements of Financial Position
As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,820,786	\$ 1,525,653
Promises to give	8,200	51,733
Accounts receivable	440,036	239,707
Other receivables	95,389	129,874
Inventory		
Purchased	662,708	441,836
Donated	90,420	108,420
Prepaid expenses	301,228	153,453
Total current assets	<u>4,418,767</u>	<u>2,650,676</u>
Property and equipment, net	282,185	189,951
Other assets - deposits	62,081	59,276
Total assets	<u>\$ 4,763,033</u>	<u>\$ 2,899,903</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 698,001	\$ 597,390
Accrued vacation payable	163,828	120,601
Unearned revenue	813,815	376,197
Current portion of lease payable	16,789	-
Current portion of notes payable	4,592	-
Current portion of deferred rent	35,057	27,919
Total current liabilities	<u>1,732,082</u>	<u>1,122,107</u>
Long-term liabilities		
Non-current portion of lease payable	45,413	-
Non-current portion of notes payable	17,999	-
Deferred rent	36,404	59,754
Total long-term Liabilities	<u>99,816</u>	<u>59,754</u>
Total liabilities	<u>1,831,898</u>	<u>1,181,861</u>
Net assets		
Unrestricted	2,744,063	1,544,332
Temporarily restricted	187,072	173,710
Total net assets	<u>2,931,135</u>	<u>1,718,042</u>
Total liabilities and net assets	<u>\$ 4,763,033</u>	<u>\$ 2,899,903</u>

See Notes to Financial Statements.

Stop Hunger Now, Inc.**Statements of Activities****For the year ended December 31, 2014 with summarized financial information for the year ended December 31, 2013**

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenues:				
Grants and contributions	\$ 13,996,944	\$ 184,617	\$ 14,181,561	\$ 11,656,815
Donated inventory	11,087,413	-	11,087,413	9,097,480
Donated services	167,662	-	167,662	398,274
Sales revenue	95,551	-	95,551	108,532
Interest and dividends	516	-	516	1,184
Loss on sale of equipment	-	-	-	(1,283)
Net assets released from restrictions	171,255	(171,255)	-	-
Total Support and Revenues	25,519,341	13,362	25,532,703	21,261,002
Expenses:				
Program services	21,398,017	-	21,398,017	18,251,625
Management and general	2,266,475	-	2,266,475	1,807,175
Fundraising activities	655,118	-	655,118	556,471
Total Expenses	24,319,610	-	24,319,610	20,615,271
Changes in Net Assets	1,199,731	13,362	1,213,093	645,731
Net Assets at Beginning of Year	1,544,332	173,710	1,718,042	1,072,311
Net Assets at End of Year	\$ 2,744,063	\$ 187,072	\$ 2,931,135	\$ 1,718,042

Stop Hunger Now, Inc.**Statements of Functional Expenses****For the year ended December 31, 2014 with summarized financial information for the year ended December 31, 2013**

	2014			2013	
	Program Services	Management and General	Fundraising Activities	Total	Total
Meal packaging program	\$ 5,226,715	\$ -	\$ -	\$ 5,226,715	\$ 4,666,594
Grants to others	11,487,531	-	-	11,487,531	9,441,576
Program services - other	310,891	-	-	310,891	279,773
Salaries	2,539,005	864,794	451,786	3,855,585	3,278,489
Payroll taxes and benefits	460,480	143,184	58,829	662,493	553,668
Retirement	54,505	15,715	8,533	78,753	66,727
Rent	786,668	62,213	-	848,881	813,931
Printing and reproduction	48,928	26,135	22,247	97,310	92,316
Marketing, public relations and advertising	-	9,331	14,312	23,643	24,938
Bank service charges	-	31,627	-	31,627	39,430
Depreciation	21,783	67,175	-	88,958	61,125
Dues and subscriptions	12,489	20,114	8,560	41,163	26,580
Insurance	220	175,544	-	175,764	109,178
Professional fees	36,609	292,600	5,895	335,104	308,152
Office supplies	-	12,558	2,834	15,392	16,333
Licenses and permits	1,434	7,766	-	9,200	5,173
Repairs and maintenance	48,745	3,801	-	52,546	50,364
Telephone and internet	-	18,755	85	18,840	17,728
Travel	344,397	79,225	51,216	474,838	432,022
Meetings and training	7,381	20,933	3,048	31,362	20,762
Postage	10,236	8,428	17,117	35,781	55,973
Information technology	-	406,577	10,656	417,233	254,439
Total Expenses	<u>\$ 21,398,017</u>	<u>\$ 2,266,475</u>	<u>\$ 655,118</u>	<u>\$ 24,319,610</u>	<u>\$ 20,615,271</u>

Stop Hunger Now, Inc.**Statements of Cash Flows****For the years ended December 31, 2014 and 2013**

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,213,093	\$ 645,731
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	88,958	61,125
Loss on disposal of equipment	-	1,283
Donated inventory	(11,087,413)	(9,097,480)
Distributed inventory	11,105,413	9,060,291
(Increase) decrease in assets:		
Promises to give	43,533	(36,973)
Accounts receivable	(200,329)	(152,000)
Purchased inventory	(220,872)	(123,375)
Prepaid expenses	(147,775)	(98,188)
Other receivables	34,485	(39,300)
Deposits	(2,805)	(14,022)
Other assets	-	1,370
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	143,838	139,195
Deferred rent	(16,212)	18,419
Unearned revenue	437,618	(57,122)
Net Cash Provided by Operating Activities	<u>1,391,532</u>	<u>308,954</u>
Cash Flows from Investing Activities:		
Purchases of equipment	(118,990)	(102,801)
Net Cash Used in Investing Activities	<u>(118,990)</u>	<u>(102,801)</u>
Cash Flows from Financing Activities:		
Proceeds from notes payable	22,591	-
Net Cash Provided by Financing Activities	<u>22,591</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	1,295,133	206,153
Cash and Cash Equivalents at Beginning of the Year	1,525,653	1,319,500
Cash and Cash Equivalents at End of the Year	<u>\$ 2,820,786</u>	<u>\$ 1,525,653</u>
Supplemental disclosure of cash flow information:		
Cash paid during year for interest	<u>\$ 2,038</u>	<u>\$ 55</u>
Noncash investing and financing transactions:		
Acquisition of equipment by capital lease	<u>\$ 62,202</u>	<u>\$ -</u>
Donated property and equipment	<u>\$ -</u>	<u>\$ 31,000</u>

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1. Nature of Activities and Significant Policies

Nature of activities:

Stop Hunger Now, Inc. (the Organization) is a non-profit international hunger relief organization that is driven by a vision of a world without hunger and a mission to end hunger in our lifetime by providing food and life-changing aid to the world's most vulnerable and by creating a global commitment to mobilize the necessary resources.

Mission in action:

The Organization accomplishes its mission by involving volunteers around the world through its meal packaging program, procuring and donating in-kind aid that is distributed to those in need, and making cash grants to recipient organizations that support sustainable community development and build capacity among partner organizations.

The Organization's popular community-supported meal packaging programs are ideal for corporate responsibility or volunteer service projects for community leaders and volunteers from local corporations, faith congregations, schools, colleges and universities, and civic organizations who package high-protein, highly nutritious meals.

Opportunities for sustainable growth:

The meals and other forms of aid are distributed primarily to support transformational development through school feeding, vocational programs, medical clinics and orphanages in developing countries. Feeding programs provide a sustainable model by encouraging disadvantaged children, youth and adults to participate in educational and skills development programs.

In 2014, the Organization supported 30 impact partners in 36 countries. Each partner serves different demographic and recipient populations. Stop Hunger Now estimates that the 50.573 million meals prepared by volunteers in 2014 will provide 80 meals each for 632,000 beneficiaries served around the world.

The movement to end hunger:

The Organization is expanding its meal packaging program in order to further the movement to end hunger, which will not grow without reaching more people who want to make a difference, engaging them in hands-on service and empowering them to do more. During 2014, the Organization initiated the meal packaging program in new locations including Houston, Texas and Indianapolis, Indiana. To gain efficiency, the Organization decided to support meal packaging events in Salt Lake City, Utah from other established locations.

The Organization has engaged people around the world to end hunger through the formation of independent non-governmental organization ("NGO") affiliates. In 2014, Stop Hunger Now had affiliates in South Africa, Italy, the Philippines, and Malaysia. Additionally, in 2014, Stop Hunger Now was working to establish affiliates in India and Peru. Organization affiliates have access to Stop Hunger Now know-how, branding, and operational support. In addition to being incorporated locally, international affiliates are managed by local Boards of Directors and

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1. Nature of Activities and Significant Policies, Continued

local employees, utilize locally procured ingredients for the meal packaging program, and are supported primarily through local contributions and volunteer support.

Additional forms of aid

The Organization also sends essential aid appropriate for hospitals and clinics in impoverished communities, school and orphanage feeding programs, and disaster relief to supplement the meal donations to partners in developing countries. Donated products include medicine, medical supplies, equipment, soap, and vitamins that can prevent the spread of disease and greatly improve the lives of those receiving them. The Organization receives these essential supplies through bulk donations of new goods from corporations, USAID, charitable partners and private donors. In 2014, the Organization shipped more than \$11 million of in-kind aid, primarily in the form of vitamins and medical supplies.

Many disadvantaged people throughout the world struggle with food insecurity due to limited local government support, growing populations and poor agricultural production. The Organization is dedicated to creating long-term impact by implementing sustainable development programs in the poorest communities. The Organization's strategies focus on agriculture, health and nutrition and vocational education opportunities.

The Organization continues its legacy of commitment to both domestic and international crisis response and relief from famine, natural and manmade disasters, and health epidemics. Medical supplies and 1 million meals were committed to Liberia and Sierra Leone in response to the 2014 Ebola epidemic.

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net assets:

Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization currently has no permanently restricted net assets.

Cash and cash equivalents:

The Organization considers all interest bearing investments due on demand and all debt instruments purchased with a maturity of three months or less to be cash equivalents.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1. Nature of Activities and Significant Policies, Continued

Concentration of credit risks:

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. Interest-bearing amounts on deposit in excess of federally insured limits as of December 31, 2014 and 2013 were \$2,184,267 and \$1,133,149, respectively.

The Organization's meal packaging program produces individual meals consisting of rice, soy, dried vegetables, flavoring, and 21 essential vitamins and minerals. These raw materials are subject to global commodity price fluctuations. The Organization's ability to maintain or expand its meal packaging program is dependent upon the Organization's ability to provide these raw materials at economically favorable prices.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of trade receivables. The Organization's trade receivables consist primarily of amounts due from business entities as well as religious and civic organizations. As of December 31, 2014, 59% of trade receivables pertained to business entities and 25% related to religious and civic organizations. As of December 31, 2013, 27% of trade receivables pertained to business entities and 59% related to religious and civic organizations. There was no single entity that comprised greater than 10% of total receivables at December 31, 2014. At December 31, 2013, one religious and civic organization comprised 11% of total receivables.

Contributions:

In accordance with applicable accounting standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization. Gifts-in-kind (including inventory, property, and equipment) are recorded at fair value at the date of the gift.

Unearned revenue represents revenues received in advance of meal packaging events. These revenues are recognized once the meal packaging event has occurred.

Contributions other than gifts-in-kind are primarily cash contributions that are derived from ongoing fundraising. All contributions are considered to be available for unrestricted use unless specifically designated by the donor.

Donated inventory (consisting of medicines, medical supplies, and other supplies) is recorded as inventory and contribution revenue at its estimated fair value at the date received, taking into consideration inventory condition and utility for use. All donated inventory is received from private organizations and is considered to be unrestricted support unless the inventory explicitly contains donor restrictions. The Organization only records the value of donated inventory in which they were either the original recipient of the gift, were involved in partnership with another organization for distribution internationally, or used in the Organization's programs.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1. Nature of Activities and Significant Policies, Continued

The Organization determines estimated fair value in accordance with fair value measurement accounting standards.

In general, the Organization values donated medicine and supplies at its estimated fair value based on third party published data including the Wholesale Acquisition Cost (WAC), which is representative of fair market value and recognized as industry standard.

Donated services:

Donated services are recognized as contributions in accordance with applicable accounting standards if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's program services. The financial statements do not recognize the value of these donated services as such services do not meet the recognition requirements under applicable accounting standards.

Donated assets:

Donated marketable securities and other non-cash donations, including property and equipment, are recorded as contributions at their estimated fair values at the date of donation.

Affiliate support and licensing fees:

Support and licensing fees charged by the Organization to its worldwide NGO affiliates are recorded as revenue when earned. For the years ended December 31, 2014 and 2013, these fees were not a significant component of support and revenues.

Accounts receivable and allowance for doubtful accounts:

Accounts receivable reflected on the Statement of Financial Position are expected to be received within one year. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is deemed necessary as of December 31, 2014 and 2013.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1. Nature of Activities and Significant Policies, Continued

Promises to give and allowance for doubtful pledges:

Promises to give reflected on the Statement of Financial Position are expected to be received within one year. Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give. The Organization considers all promises to give to be fully collectible; accordingly, no allowance for doubtful pledges is deemed necessary as of December 31, 2014 and 2013.

Inventory:

Inventories primarily consist of raw materials used in conjunction with the Organization's meal packaging program and donated in-kind supplies. Meal packaging inventories are valued at the lower of cost (first-in, first-out) or market. In-kind donations are recorded and carried in inventory at their estimated fair market value at date of donation.

Property and equipment:

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at date of donation.

Depreciation of property and equipment is provided for on the straight-line method over the following useful lives:

Office furniture and equipment	3-5 years
Warehouse equipment	5-10 years
Leasehold improvements	2-5 years

Functional allocation of expenses:

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Certain costs, including salaries, rent, and depreciation, have been allocated based upon estimates made by the Organization's management.

Restricted and unrestricted support and revenue:

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as Net Assets Released from Restrictions.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1. Nature of Activities and Significant Policies, Continued

Shipping costs:

The Organization incurs shipping and handling costs when transporting the packaged meals overseas. The Organization's shipping and handling costs are included in program services expense.

Accounting estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income tax status:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Applicable accounting standards prescribe a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under these standards, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Organization did not have any unrecognized tax benefits and there was no effect on its financial condition or results of operations as a result of adopting these standards.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The tax years from 2011 through 2014, are subject to examination by the Internal Revenue Service. The Organization is currently not under any federal or state audits.

There were no interest or penalties for the years ended and the Organization's policy is to expense interest and penalties, if any, to income tax expense as incurred. The Organization does not expect any material changes in unrecognized tax benefits in the next twelve months. The Organization has no unrecognized tax benefits as of December 31, 2014 and 2013.

Reclassifications:

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1. Nature of Activities and Significant Policies, Continued

Prior year summarized information:

The financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Date of management's review:

Subsequent events have been evaluated through June 2, 2015, which is the date the financial statements were available to be issued.

Note 2. Property and Equipment

Property and equipment consisted of the following at December 31:

	2014	2013
Office furniture and equipment	\$ 74,610	\$ 46,862
Warehouse equipment	459,309	336,910
Leasehold improvements	90,107	59,062
Total fixed assets	624,026	442,834
Less accumulated depreciation	341,841	252,883
	\$ 282,185	\$ 189,951

Depreciation charged to operations was \$88,958 and \$61,125 in 2014 and 2013, respectively.

Note 3. Operating Lease

The Organization leases its office facility and warehouse space in which it operates its meal packaging operations. Future minimum lease payments under the leases are as follows:

Year ending December 31,	Amount
2015	\$ 831,427
2016	664,719
2017	289,787
2018	203,281
2019	142,489
Thereafter	3,680
	\$ 2,135,383

Rent expense totaled \$848,881 and \$813,931 for 2014 and 2013, respectively.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 4. Capital Lease Obligations

Certain warehouse equipment to support the meal packaging programs was obtained under capital leases. The leased equipment held under capital leases had a cost of \$75,889 and \$20,088 as of December 31, 2014 and 2013. Accumulated depreciation related to these assets was \$7,915 and \$19,079 as of December 31, 2014 and 2013, respectively. Total depreciation charged to operations in regards to these leases was \$7,915 and \$3,184 in 2014 and 2013, respectively. Interest expense for the years ended December 31, 2014 and 2013 was \$2,023 and \$0, respectively. The current portion of capital lease obligations is \$16,789 and the long-term portion of the obligations are expected to be as follows:

Year ending December 31,	Amount
2015	\$ 18,650
2016	17,625
2017	17,625
2018	11,480
2019	1,515
Total minimum lease payments	66,895
Less: amount representing interest	4,693
Present value of minimum lease payment	62,202
Less: current portion	16,789
Non-current portion	\$ 45,413

Note 5. Note Payable

The Company has a note payable with monthly principal and interest payments of \$481, which includes interest at an annual rate of 5.75%. This note matures in June 2019 and is collateralized by a vehicle. The current portion of the note is \$4,592 and future maturities of the long-term portion of the note are expected to be as follows:

Year ending December 31,	Amount
2015	\$ 4,592
2016	4,864
2017	5,151
2018	5,455
2019	2,529
Total	22,591
Less: current portion	4,592
Non-current portion	\$ 17,999

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 6. Line of Credit

In January 2015, the Organization renewed an agreement with a financial institution for a line of credit up to \$300,000 bearing interest at the greater of a floating rate equal to the bank's prime rate plus 0.00% or the Floor Rate of 3.25% as of December 31, 2014 and is secured by equipment, inventory, accounts receivable, and other rights to payment. The line of credit expires in February 2016. The Organization did not utilize the line of credit during 2014 or 2013.

Note 7. Other Credit

Revolving Credit Cards

The Organization has revolving credit card relationships with two national financial institutions and a national retailer. Total aggregate credit available under these relationships was \$335,000 as of December 31, 2014. \$166,786 and \$76,938 was outstanding under these relationships as of December 31, 2014 and 2013, respectively, which is included in accounts payable in the accompanying financial statements.

Letter of Credit

In December 2013, the Organization entered into an agreement with Wells Fargo Bank for a letter of credit up to \$12,510. The Letter of Credit was established in response to a lease agreement in which the Organization entered into during 2013. The Letter of Credit expired in December 2014. The Organization did not utilize the letter of credit during 2014 or 2013.

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Haiti Earthquake Relief	\$ -	\$ 21,196
African Famine 2011/Southern Sudan/Old Fangak	122,508	31,349
Philippines Typhoon 2013	64,564	121,165
	<u>\$ 187,072</u>	<u>\$ 173,710</u>

The following is a summary of net assets which were released from donor restrictions by incurring expenses which satisfied the donor specified restrictions for the year ended December 31:

	<u>2014</u>	<u>2013</u>
Haiti Earthquake Relief	\$ 21,221	\$ 2,311
African Famine 2011/Southern Sudan/Old Fangak	37,945	218,765
Uganda Wells	36,500	-
Philippines Typhoon 2013	75,589	38,632
	<u>\$ 171,255</u>	<u>\$ 259,708</u>

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 9. Gifts-in-Kind

The Organization receives donations of food, medicine, and supplies for use in relief and development programs. The Organization ships all such gifts-in-kind either directly to in-country partners or to similar non-profit organizations for ultimate distribution. As soon as feasible following transfer of title to the Organization, these in-kind contributions are shipped to third parties in support of international relief efforts.

In accordance with U.S. generally accepted accounting principles, the Organization only records the value of gifts-in-kind for which it receives and exercises variance power, which is the discretion to distribute or redistribute the commodity without the donor's prior consent in accordance with its mission and purpose.

During 2014 and 2013, the Organization received and distributed in-kind contributions of medicine and supplies as set forth below:

	2014	2013
Donated inventory, beginning	\$ 108,420	\$ 71,231
Gift-in-kind inventory donations	11,087,413	9,097,480
Gift-in-kind inventory distributed	<u>(11,105,413)</u>	<u>(9,060,291)</u>
Donated inventory, ending	<u>\$ 90,420</u>	<u>\$ 108,420</u>

Note 10. Retirement Plan

The Organization maintains a simplified employee pension plan for the benefit of all its employees who are over age 21 and have completed two years of service. The amount of the contribution to the plan is determined annually by the Board of Directors. The amount of employer contributions included in these financial statements for the years ended December 31, 2014 and 2013 was \$78,753 and \$66,727, respectively.

Note 11. Marketing, Public Relations and Advertising

The Organization used brochures, posters and press releases to promote its programs among the audience it serves. The costs of these promotional materials are expensed the first time the promotion takes place. During the years ended December 31, 2014 and 2013, marketing, public relations and advertising expense was \$23,643 and \$24,938, respectively.