

# **Stop Hunger Now, Inc.**

## ***Report on Financial Statements***

***For the years ended December 31, 2013 and 2012***

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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, 2013, 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 consolidated 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 of 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, 2013, and the changes in its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

The financial statements as of December 31, 2012, were audited by Lunsford & Strickland, P.A., who merged with Elliott Davis, PLLC as of July 1, 2013, and whose report dated May 23, 2013, expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "Elliott Davis, PLLC".

Raleigh, North Carolina  
April 23, 2014

**Stop Hunger Now, Inc.****Statements of Financial Position****December 31, 2013 and 2012**

<b>Assets</b>		<b>2013</b>	<b>2012</b>
Current Assets:			
Cash and cash equivalents	\$	1,525,653	\$ 1,319,500
Promises to give		51,733	14,760
Accounts receivable		239,707	87,707
Other receivables		129,874	90,574
Inventory			
Purchased		441,836	318,461
Donated		108,420	71,231
Prepaid expenses		153,453	55,265
Total Current Assets		<u>2,650,676</u>	<u>1,957,498</u>
Property and equipment, net		189,951	149,558
Other Assets:			
Deposits		59,276	45,254
Other assets		-	1,370
		<u>59,276</u>	<u>46,624</u>
Total Assets	\$	<u><u>2,899,903</u></u>	<u><u>\$ 2,153,680</u></u>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Accounts payable and accrued expenses	\$	597,390	\$ 488,098
Accrued vacation payable		120,601	90,698
Unearned revenue		376,197	433,319
Deferred rent, current portion		27,919	2,671
Total Current Liabilities		<u>1,122,107</u>	<u>1,014,786</u>
Deferred rent, less current portion		59,754	66,583
Total Liabilities		<u>1,181,861</u>	<u>1,081,369</u>
Net Assets:			
Unrestricted		1,544,332	1,030,939
Temporarily restricted		173,710	41,372
Total Net Assets		<u>1,718,042</u>	<u>1,072,311</u>
Total Liabilities and Net Assets	\$	<u><u>2,899,903</u></u>	<u><u>\$ 2,153,680</u></u>

**Stop Hunger Now, Inc.****Statements of Activities****For the Years Ended December 31, 2013 and 2012**

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total All Funds
Support and Revenues:				
Grants and contributions	\$ 11,264,769	\$ 392,046	\$ 11,656,815	\$ 7,090,810
Donated inventory	9,097,480	-	9,097,480	7,686,723
Donated services	398,274	-	398,274	88,131
Sales revenue	108,532	-	108,532	92,305
Interest and dividends	1,184	-	1,184	4,734
Loss on sale of fixed assets	(1,283)	-	(1,283)	(1,925)
Net assets released from restrictions	259,708	(259,708)	-	-
Total Support and Revenues	21,128,664	132,338	21,261,002	14,960,778
Expenses:				
Program services	18,251,625	-	18,251,625	13,913,241
Management and general	1,807,175	-	1,807,175	1,217,290
Fundraising activities	556,471	-	556,471	366,583
Total Expenses	20,615,271	-	20,615,271	15,497,114
Changes in Net Assets	513,393	132,338	645,731	(536,336)
Net Assets at Beginning of Year	1,030,939	41,372	1,072,311	1,608,647
Net Assets at End of Year	\$ 1,544,332	\$ 173,710	\$ 1,718,042	\$ 1,072,311

**Stop Hunger Now, Inc.**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2013**

	2013				2012
	Program Services	Management and General	Fundraising Activities	Total	Total All Funds
Meal packaging program	\$ 4,666,594	\$ -	\$ -	\$ 4,666,594	\$ 3,157,329
Grants to others	9,441,576	-	-	9,441,576	7,721,373
Program services - other	279,773	-	-	279,773	275,301
Salaries	2,190,637	775,911	311,941	3,278,489	2,299,505
Payroll taxes and benefits	376,320	134,591	42,757	553,668	414,147
Retirement	49,022	13,842	3,863	66,727	21,923
Rent	753,542	60,389	-	813,931	631,448
Printing and reproduction	28,896	20,148	43,272	92,316	66,403
Marketing, public relations and advertising	-	7,666	17,272	24,938	78,634
Bank service charges	-	39,430	-	39,430	16,302
Depreciation	44,359	16,713	53	61,125	56,279
Dues and subscriptions	8,620	13,834	4,126	26,580	20,227
Insurance	214	108,964	-	109,178	50,553
Professional fees	44,776	231,206	32,170	308,152	350,616
Office supplies	-	13,740	2,593	16,333	17,310
Licenses & permits	839	4,334	-	5,173	10,201
Repairs and maintenance	45,396	4,968	-	50,364	4,434
Telephone and internet	-	16,930	798	17,728	30,408
Travel	307,906	53,523	70,593	432,022	65,945
Meeting & Training/Misc	3,089	14,626	3,047	20,762	10,365
Postage	10,066	22,183	23,724	55,973	47,675
Information Technology	-	254,177	262	254,439	150,736
Total Operating Expenses	<u>\$ 18,251,625</u>	<u>\$ 1,807,175</u>	<u>\$ 556,471</u>	<u>\$ 20,615,271</u>	<u>\$ 15,497,114</u>

**Stop Hunger Now, Inc.****Statements of Cash Flows****For the Years Ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
Cash Flows from Operating Activities:		
Change in net assets	\$ 645,731	\$ (536,336)
Adjustments to reconcile change in net assets to net cash provided by operating		
Depreciation	61,125	56,279
Loss on disposal of equipment	1,283	1,925
Donated inventory	(9,097,480)	(7,686,723)
Distributed inventory	9,060,291	7,636,166
Donated property	(31,000)	(7,399)
(Increase) decrease in Assets:		
Promises to give	(36,973)	(5,766)
Accounts receivable	(152,000)	27,075
Purchased inventory	(123,375)	4,842
Prepaid expenses	(98,188)	(24,292)
Other receivables	(39,300)	(32,305)
Deposits	(14,022)	(10,774)
Other assets	1,370	-
Increase (decrease) in Liabilities:		
Accounts payable and accrued expenses	139,195	242,848
Deferred rent	18,419	28,858
Unearned revenue	(57,122)	389,782
Net Cash Provided by Operating Activities	<u>277,954</u>	<u>84,180</u>
Cash Flows from Investing Activities:		
Purchases of equipment	(71,801)	(48,404)
Net Cash Used in Investing Activities	<u>(71,801)</u>	<u>(48,404)</u>
Cash Flows from Financing Activities:		
Payments on capital leases	-	(2,504)
Net Cash Used in Financing Activities	<u>-</u>	<u>(2,504)</u>
Net Increase in Cash and Cash Equivalents	206,153	33,272
Cash and Cash Equivalents at Beginning of the Year	1,319,500	1,286,228
Cash and Cash Equivalents at End of the Year	<u>\$ 1,525,653</u>	<u>\$ 1,319,500</u>
Supplemental disclosure of cash flow information:		
Cash paid during year for interest	<u>\$ 55</u>	<u>\$ 1,931</u>
Donated property and equipment	<u>\$ 31,000</u>	<u>\$ 7,399</u>



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**Stop Hunger Now, Inc.*****Notes to Financial Statements******December 31, 2013 and 2012***

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**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 incorporated under the laws of Delaware. The Organization is driven by a vision of a world without hunger and a mission to end hunger in our lifetime by providing food and life-saving aid to the world's most vulnerable and by creating a global commitment to mobilize the necessary resources.

The Organization furthers its mission by involving volunteers in the fight against hunger and educating them about hunger through its meal packaging program, procuring and donating in-kind aid that is distributed to those in need, supporting the formation of independent and non-governmental ("NGO") affiliates in key geographies worldwide, and making cash grants to recipient organizations.

Stop Hunger Now's meal packaging program provides volunteers the opportunity to package dehydrated, high protein, and highly nutritious meals that are used in crisis situations and in school feeding programs for schools and orphanages in developing countries around the world. In 2013, approximately 145,000 volunteers packaged 41.95 million meals, which were shipped to recipients in 30 countries. In 2012, approximately 87,000 volunteers packaged more than 26 million meals, which were shipped to recipients in thirty-nine countries. During 2013, the Organization opened new packaging locations near Dallas, Texas, and Salt Lake City, Utah and closed packaging locations near Phoenix, Arizona and Minneapolis, Minnesota.

Stop Hunger Now is committed to sending essential aid appropriate for hospitals and clinics in impoverished communities, school and orphanage feeding programs, and disaster relief to supplement the meal donations to our partners in developing countries. Donated products include items such as medicine, medical supplies, equipment, soap, and vitamins that can prevent the spread of disease and greatly improve the lives of those receiving them. Stop Hunger Now receives these essential supplies through bulk donations of new goods from corporations, USAID, charitable partners and private donors. In 2013, Stop Hunger Now sent more than \$9 million worth of donated goods to people in need around the world via 48 shipments to 16 different countries. In 2012, Stop Hunger Now sent more than \$7 million worth of donated goods to people in need around the world via 40 shipments to 13 different countries.

Since 2009, Stop Hunger Now has helped to found and support independent non-governmental affiliates in key geographies worldwide. Currently, Stop Hunger Now has affiliate relationships with Stop Hunger Now Southern Africa, Stop Hunger Now Italia, and Stop Hunger Now Philippines. Stop Hunger Now typically provides these NGOs, subject to a license agreement, access to Stop Hunger Now know-how, branding, and operational support. In return, these organizations typically pay an affiliate support or licensing fee. Additionally, Stop Hunger Now is currently negotiating an affiliate agreement with Stop Hunger Now Malaysia.

Stop Hunger Now understands that by providing people with the resources they need, they have an increased likelihood of becoming healthy, educated and self-sufficient. With a secure supply chain that includes 17 staffed warehouses in the United States and trusted, fully-vetted aid distribution partners, Stop Hunger Now is in a unique position to receive, track and send aid that can transform lives.

**Note 1. Nature of Activities and Significant Policies, Continued**

**Basis of accounting:**

The financial statements of Stop Hunger Now, Inc. 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.

**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. All non-interest bearing cash balances were fully insured at December 31, 2012 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Beginning in 2013, insurance coverage reverted to \$250,000 per depositor at each financial institution. Interest-bearing amounts on deposit in excess of federally insured limits as of December 31, 2013 and 2012 approximated \$1,133,149 and \$20,322, 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 of amounts due from business entities as well as 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. As of December 31, 2012, 36% of trade receivables pertained to business entities and 52% related to religious and civic organizations. At December 31, 2013, one religious and civic organization comprised 11% of total receivables. There was no single entity that comprised greater than 10% of total receivables at December 31, 2012.

**Note 1. Nature of Activities and Significant Policies, Continued**

**Support and revenues:**

**Contributions:**

The Organization follows Accounting Standards Codification 605-10-15 *Revenue Recognition*. In accordance with ASC 605-10-15, 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.

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 ASC 605-10-15, 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 the Contributed Services topic of the Financial Accounting Standards Board Accounting Codification (ASC).

**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.

**Note 1. Nature of Activities and Significant Policies, Continued**

**Affiliate Support and Licensing Fees**

Support and licensing fees charged by Stop Hunger Now to its worldwide NGO affiliates, are recorded as revenue when earned. For the years ended December 31, 2013 and 2012, 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 required as of December 31, 2013 and 2012.

**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 required as of December 31, 2013 and 2012.

**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

**Note 1. Nature of Activities and Significant Policies, Continued**

**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 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.

**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).

The Organization adopted the provisions of ASC 740-10-05 on January 1, 2009. ASC 740-10-05 prescribes 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 ASC 740-10-05, 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 our financial condition or results of operations as a result of adopting ASC 740-10-05.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The tax years from 2009 through 2012, are subject to examination by the Internal Revenue Service. The Organization is currently not under any federal or state audits.

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**Stop Hunger Now, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

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**Note 1. Nature of Activities and Significant Policies, Continued**

**Income tax status, continued:**

Interest and penalties are zero 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, 2013 and 2012.

**Reclassifications:**

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

**Date of management's review:**

Subsequent events have been evaluated through April 23, 2014, which is the date the financial statements were available to be issued.

**Note 2. Property and Equipment**

Property and equipment consists of the following at December 31:

	2013	2012
Office furniture and equipment	\$ 46,862	\$ 63,129
Warehouse equipment	336,910	232,497
Leasehold improvements	59,062	48,332
Total Fixed Assets	442,834	343,958
Less accumulated depreciation	252,883	194,400
	<u>\$ 189,951</u>	<u>\$ 149,558</u>

Depreciation charged to operations was \$61,125 and \$56,279 in 2013 and 2012, 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
2014	\$ 622,457
2015	435,593
2016	270,783
2017	41,107
2018	-
	<u>\$ 1,369,940</u>

Rent expense totaled \$813,931 and \$631,448 for 2013 and 2012, respectively.

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**Stop Hunger Now, Inc.****Notes to Financial Statements****December 31, 2013 and 2012**

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**Note 4. Capital Lease Obligations**

Certain warehouse equipment to support the meal packaging programs was obtained under the provisions of capital leases. The leased equipment held under capital leases had a cost of \$20,088 as of December 31, 2013 and 2012. Accumulated depreciation related to these assets was \$19,079 and \$15,895 as of December 31, 2013 and 2012, respectively.

All capital lease obligations were fully satisfied as of December 31, 2013. Interest expense for the years ended December 31, 2013 and 2012 was \$0 and \$108, respectively.

Total depreciation charged to operations in regards to these leases was \$3,184 and \$4,018 in 2013 and 2012, respectively.

**Note 5. Line of Credit**

In June 2013, the Organization entered an agreement with Wells Fargo Bank 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 3.250% and is secured by equipment, inventory, accounts receivable, and other rights to payment. The line of credit expires in June 2014. The Organization did not utilize the line of credit during 2013.

**Note 6. 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 is \$305,000 as of December 31, 2013.

*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 expires in December 2014. The Organization did not utilize the letter of credit during 2013.

**Note 7. Temporarily Restricted Net Assets**

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

	2013	2012
Haiti Earthquake Relief	\$ 21,196	\$ 23,186
African Famine 2011/Old Fangak	31,349	18,186
Philippines Typhoon 2013	121,165	-
	<u>\$ 173,710</u>	<u>\$ 41,372</u>

**Stop Hunger Now, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

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**Note 7. Temporarily Restricted Net Assets, Continued**

The following is 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:

	2013	2012
Fast Pray Give	\$ -	\$ 200
Haiti Earthquake Relief	2,311	55,254
Japan Earthquake Relief	-	2,821
Sudan Relief	-	14,234
Southern Sudan/Old Fangak	218,765	50,003
Africa Famine 2011	-	27,754
Philippines Typhoon 2013	38,632	-
	<u>\$ 259,708</u>	<u>\$ 150,266</u>

**Note 8. 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 2013 and 2012, the Organization received and distributed in-kind contributions of medicine and supplies as set forth below:

	2013	2012
Donated inventory, beginning	\$ 71,231	\$ 20,674
Gift-in-kind inventory donations	9,097,480	7,686,723
Gift-in-kind inventory distributed	(9,060,291)	(7,636,166)
Donated inventory, ending	<u>\$ 108,420</u>	<u>\$ 71,231</u>

**Note 9. 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 expense included in these financial statements for the years ended December 31, 2013 and 2012 was \$66,727 and \$21,923, respectively.



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**Stop Hunger Now, Inc.*****Notes to Financial Statements******December 31, 2013 and 2012***

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**Note 10. 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, 2013 and 2012, marketing, public relations and advertising expense was \$24,938 and \$78,634, respectively.