

Stop Hunger Now, Inc.

Report on Financial Statements

***For the year ended December 31, 2015
With Comparative Totals for 2014***

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, 2015, 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 principles 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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
June 17, 2016

Stop Hunger Now, Inc.

Statements of Financial Position

As of December 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 5,446,006	\$ 2,820,786
Grants and contributions receivable	104,530	8,200
Accounts receivable	509,664	440,036
Other receivables	95,937	95,389
Inventory		
Purchased	620,934	662,708
Donated	319,931	90,420
Prepaid expenses	219,801	301,228
Total current assets	7,316,803	4,418,767
Property and equipment, net	272,085	282,185
Other assets - deposits	60,599	62,081
Total assets	\$ 7,649,487	\$ 4,763,033
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,001,389	\$ 698,001
Accrued expenses	234,960	163,828
Unearned revenue	1,042,193	813,815
Current portion of lease payable	39,421	16,789
Current portion of notes payable	4,863	4,592
Current portion of deferred rent	23,687	35,057
Total current liabilities	2,346,513	1,732,082
Long-term liabilities		
Non-current portion of lease payable	79,006	45,413
Non-current portion of notes payable	13,143	17,999
Deferred rent	37,118	36,404
Total long-term Liabilities	129,267	99,816
Total liabilities	2,475,780	1,831,898
Net assets		
Unrestricted	5,003,530	2,744,063
Temporarily restricted	170,177	187,072
Total net assets	5,173,707	2,931,135
Total liabilities and net assets	\$ 7,649,487	\$ 4,763,033

See Notes to Financial Statements.

Stop Hunger Now, Inc.**Statements of Activities****For the year ended December 31, 2015 with summarized financial information for the year ended December 31, 2014**

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenues:				
Grants and contributions	\$ 18,849,096	\$ 157,964	\$ 19,007,060	\$ 14,181,561
Donated inventory	14,805,569	-	14,805,569	11,087,413
Donated services	5,916	-	5,916	167,662
Sales revenue	76,604	-	76,604	95,551
Interest and dividends	936	-	936	516
Loss on sale of equipment	(6,647)	-	(6,647)	-
Net assets released from restrictions	174,859	(174,859)	-	-
Total Support and Revenues	33,906,333	(16,895)	33,889,438	25,532,703
Expenses:				
Program services	26,877,346	-	26,877,346	21,398,017
Management and general	3,521,681	-	3,521,681	2,266,475
Fundraising activities	1,247,839	-	1,247,839	655,118
Total Expenses	31,646,866	-	31,646,866	24,319,610
Changes in Net Assets	2,259,467	(16,895)	2,242,572	1,213,093
Net Assets at Beginning of Year	2,744,063	187,072	2,931,135	1,718,042
Net Assets at End of Year	<u>\$ 5,003,530</u>	<u>\$ 170,177</u>	<u>\$ 5,173,707</u>	<u>\$ 2,931,135</u>

Stop Hunger Now, Inc.**Statements of Functional Expenses****For the year ended December 31, 2015 with summarized financial information for the year ended December 31, 2014**

	2015				2014
	Program Services	Management and General	Fundraising Activities	Total	Total
Meal packaging program	\$ 6,592,586	\$ -	\$ -	\$ 6,592,586	\$ 5,226,715
Grants to others	14,649,958	-	-	14,649,958	11,487,531
Program services - other	270,137	-	-	270,137	310,891
Salaries	3,113,604	1,053,908	744,276	4,911,788	3,855,585
Payroll taxes and benefits	673,115	202,205	119,697	995,017	662,493
Retirement	76,989	41,208	30,352	148,549	78,753
Rent	915,391	95,206	-	1,010,597	848,881
Printing and reproduction	32,993	21,964	15,598	70,555	97,310
Marketing, public relations and advertising	-	23,330	49,383	72,713	23,643
Bank service charges	-	54,765	-	54,765	31,627
Depreciation	30,814	79,988	-	110,802	88,958
Dues and subscriptions	12,687	25,401	9,549	47,637	41,163
Insurance	205	155,191	-	155,396	175,764
Professional fees	25,997	436,455	94,784	557,236	335,104
Office supplies	-	18,990	5,152	24,142	15,392
Licenses and permits	485	11,998	-	12,483	9,200
Repairs and maintenance	56,147	10,076	-	66,223	52,546
Telephone and internet	-	18,382	1,053	19,435	18,840
Travel	399,680	108,366	129,738	637,784	474,838
Meetings and training	15,414	116,301	12,162	143,877	31,362
Postage	11,144	9,010	33,483	53,637	35,781
Information technology	-	1,038,937	2,612	1,041,549	417,233
Total Expenses	<u>\$ 26,877,346</u>	<u>\$ 3,521,681</u>	<u>\$ 1,247,839</u>	<u>\$ 31,646,866</u>	<u>\$ 24,319,610</u>

Stop Hunger Now, Inc.**Statements of Cash Flows****For the years ended December 31, 2015 and 2014**

	2015	2014
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,242,572	\$ 1,213,093
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	110,802	88,958
Loss on disposal of equipment	6,647	-
Donated inventory	(14,805,569)	(11,087,413)
Distributed inventory	14,576,058	11,105,413
(Increase) decrease in assets:		
Grants and contributions receivable	(96,330)	43,533
Accounts receivable	(69,628)	(200,329)
Purchased inventory	41,774	(220,872)
Prepaid expenses	81,427	(147,775)
Other receivables	(548)	34,485
Deposits	1,482	(2,805)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	374,520	143,838
Deferred rent	(10,656)	(16,212)
Unearned revenue	228,378	437,618
Net Cash Provided by Operating Activities	<u>2,680,929</u>	<u>1,391,532</u>
Cash Flows from Investing Activities:		
Proceeds from sale of equipment	2,000	-
Purchases of equipment	(32,495)	(118,990)
Net Cash Used in Investing Activities	<u>(30,495)</u>	<u>(118,990)</u>
Cash Flows from Financing Activities:		
Proceeds from notes payable	-	22,591
Repayments on notes payable	(4,585)	-
Repayments on capital lease obligations	(20,629)	-
Net Cash (Used in) Provided by Financing Activities	<u>(25,214)</u>	<u>22,591</u>
Net Increase in Cash and Cash Equivalents	2,625,220	1,295,133
Cash and Cash Equivalents at Beginning of the Year	2,820,786	1,525,653
Cash and Cash Equivalents at End of the Year	<u>\$ 5,446,006</u>	<u>\$ 2,820,786</u>
Supplemental disclosure of cash flow information:		
Cash paid during year for interest	<u>\$ 5,700</u>	<u>\$ 2,038</u>
Noncash investing and financing transactions:		
Acquisition of equipment by capital lease	<u>\$ 76,854</u>	<u>\$ -</u>
Donated property and equipment	<u>\$ -</u>	<u>\$ 31,000</u>

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2015 and 2014

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 2015, the Organization supported 32 impact partners in 37 countries. Each partner serves different demographic and recipient populations. Stop Hunger Now estimates that the 47,877,264 meals prepared by volunteers in 2015 will provide 95 meals each for nearly 500,000 beneficiaries around the world.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Nature of Activities and Significant Policies, Continued

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 2015, the Organization initiated the meal packaging program in new locations including Nashville, Tennessee and the New York City Metropolitan area.

The Organization has engaged people around the world to end hunger through the formation of independent non-governmental organization (“NGO”) affiliates. In 2015, Stop Hunger Now had affiliates in South Africa, Italy, the Philippines, Malaysia, 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 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, the United States Agency for International Development (USAID), charitable partners and private donors. In 2015, the Organization shipped more than \$14.5 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. In 2015, over 2.2 million meals were sent to support victims of the Nepal earthquake, Sri Lanka flooding, and conflict in the Ukraine.

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.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Nature of Activities and Significant Policies, Continued

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. Interest-bearing amounts on deposit in excess of federally insured limits as of December 31, 2015 and 2014 were \$4,871,863 and \$2,184,267, 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, 2015, 53% of trade receivables pertained to business entities and 32% related to 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. There was no single entity that comprised greater than 10% of total receivables at December 31, 2014 and December 31, 2015.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Nature of Activities and Significant Policies, Continued

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 collected, 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 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.

Stop Hunger Now, Inc.

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Nature of Activities and Significant Policies, Continued

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, 2015 and 2014, 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, 2015 and 2014.

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, 2015 and 2014.

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.

Stop Hunger Now, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Note 1. Nature of Activities and Significant Policies, Continued

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.

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).

Stop Hunger Now, Inc.***Notes to Financial Statements******December 31, 2015 and 2014***

Note 1. Nature of Activities and Significant Policies, Continued**Income tax status, Continued:**

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 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, 2015 and 2014.

Reclassifications:

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

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, 2014, from which the summarized information was derived.

Date of management's review:

Subsequent events have been evaluated through June 17, 2016, which is the date the financial statements were available to be issued.

Stop Hunger Now, Inc.**Notes to Financial Statements****December 31, 2015 and 2014**

Note 2. Property and Equipment

Property and equipment consisted of the following at December 31:

	2015	2014
Office furniture and equipment	\$ 100,839	\$ 74,610
Warehouse equipment	502,832	459,309
Leasehold improvements	106,945	90,107
Total fixed assets	710,616	624,026
Less accumulated depreciation	438,531	341,841
	<u>\$ 272,085</u>	<u>\$ 282,185</u>

Depreciation charged to operations was \$110,802 and \$88,958 in 2015 and 2014, 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
2016	\$ 756,578
2017	351,374
2018	218,281
2019	146,239
2020	3,770
	<u>\$ 1,476,242</u>

Rent expense totaled \$1,010,597 and \$848,881 for 2015 and 2014, respectively.

Stop Hunger Now, Inc.**Notes to Financial Statements****December 31, 2015 and 2014**

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 \$152,743 and \$75,889 as of December 31, 2015 and 2014. Accumulated depreciation related to these assets was \$19,032 and \$7,915 as of December 31, 2015 and 2014, respectively. Total depreciation charged to operations in regards to these leases was \$27,793 and \$7,915 in 2015 and 2014, respectively. Interest expense for the years ended December 31, 2015 and 2014 was \$5,700 and \$2,023, respectively.

Future minimum lease payments under capital leases as of December 31, 2015 are expected to be as follows:

Year ending December 31,	Amount
2016	\$ 43,368
2017	45,047
2018	34,058
2019	3,197
Total minimum lease payments	125,670
Less: amount representing interest	7,243
Present value of minimum lease payment	118,427
Less: current portion	39,421
Non-current portion	\$ 79,006

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. Future maturities of notes payable are expected to be as follows:

Year ending December 31,	Amount
2016	\$ 4,863
2017	5,151
2018	5,455
2019	2,537
Total	18,006
Less: current portion	4,863
Non-current portion	\$ 13,143

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 equal to the bank's prime rate (3.5% as of December 31, 2015) plus 0.40% and is secured by equipment, inventory, accounts receivable, and other rights to payment. The Organization did not utilize the line of credit during 2015 or 2014.

Stop Hunger Now, Inc.**Notes to Financial Statements****December 31, 2015 and 2014**

Note 7. Other CreditRevolving 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, 2015. \$141,657 and \$166,786 was outstanding under these relationships as of December 31, 2015 and 2014, 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 a financial institution 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 self-renews at the end of each year.

Note 8. Temporarily Restricted Net Assets

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

	2015	2014
Nepal Earthquake	\$ 32,786	\$ -
African Famine 2011/Southern Sudan/Old Fangak	67,391	122,508
Philippines Typhoon 2013	-	64,564
Vita Mamba	70,000	-
	<u>\$ 170,177</u>	<u>\$ 187,072</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:

	2015	2014
Nepal Earthquake	\$ 30,000	\$ -
Haiti Earthquake Relief	-	21,221
African Famine 2011/Southern Sudan/Old Fangak	80,295	37,945
Uganda Wells	-	36,500
Philippines Typhoon 2013	64,564	75,589
	<u>\$ 174,859</u>	<u>\$ 171,255</u>

Stop Hunger Now, Inc.**Notes to Financial Statements****December 31, 2015 and 2014**

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 2015 and 2014, the Organization received and distributed in-kind contributions of medicine and supplies as set forth below:

	2015	2014
Donated inventory, beginning	\$ 90,420	\$ 108,420
Gift-in-kind inventory donations	14,805,569	11,087,413
Gift-in-kind inventory distributed	(14,576,058)	(11,105,413)
Donated inventory, ending	\$ 319,931	\$ 90,420

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, 2015 and 2014 was \$148,549 and \$78,753, 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, 2015 and 2014, marketing, public relations and advertising expense was \$72,713 and \$23,643, respectively.