

**WhyHunger, Inc.**

**FINANCIAL STATEMENTS**

**For the Nine Months Ended  
December 31, 2015**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
WhyHunger, Inc.

We have audited the accompanying financial statements of WhyHunger, Inc., formerly World Hunger Year, 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 nine months 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.

To the Board of Directors  
WhyHunger, Inc.  
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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WhyHunger, Inc. as of December 31, 2015 and the changes in its net assets and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

*Sheehan & Company CPA, P.C.*

Brightwaters, New York  
April 11, 2016

# WhyHunger, Inc.

## STATEMENT OF FINANCIAL POSITION

December 31, 2015

### ASSETS

#### **Current assets:**

Cash and cash equivalents	\$ 260,066
Investments at fair value	427,557
Contributions receivable, current	895,050
Prepaid and other assets	<u>42,326</u>
Total current assets	<u>1,624,999</u>

**Fixed assets, net** 365,148

#### **Other assets:**

Contributions receivable, long-term	<u>27,000</u>
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Total assets \$ 2,017,147

### LIABILITIES AND NET ASSETS

#### **Liabilities:**

Accounts payable and other liabilities	\$ 85,799
Grants payable	138,549
Line of credit	<u>76,066</u>
Total current liabilities	<u>300,414</u>

#### **Net assets:**

##### **Unrestricted:**

Operating	742,419
Board designated fund	<u>441,016</u>
Total unrestricted	1,183,435

**Temporarily restricted** 433,298

**Permanently restricted** 100,000

Total net assets 1,716,733

Total liabilities and net assets \$ 2,017,147

The accompanying notes are an integral  
part of these financial statements

# WhyHunger, Inc.

## STATEMENT OF ACTIVITIES

For the Nine Months Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue:</b>				
Individual contributions	\$ 176,543	\$ 14,000	\$ 100,000	\$ 290,543
Foundation grants and corporate donations	310,607	259,386	-	569,993
Artists Against Hunger and Poverty/Hungerthon	805,689	-	-	805,689
Special events, net expenses of \$84,170	250,384	-	-	250,384
Royalty income	110,906	109,412	-	220,318
Realized and unrealized gains (losses) on investments	(7,898)	-	-	(7,898)
Interest and other income, net of investment fees of \$4,551	596	-	-	596
Net assets released from restrictions	<u>196,013</u>	<u>(196,013)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,842,840</u>	<u>186,785</u>	<u>100,000</u>	<u>2,129,625</u>
<b>Expenses:</b>				
<b>Program services:</b>				
Grassroots Action Network	271,180	-	-	271,180
Artists Against Hunger and Poverty/Hungerthon	338,249	-	-	338,249
Nourish	509,318	-	-	509,318
Global Movements	297,481	-	-	297,481
General Media for Program Services	<u>340,428</u>	<u>-</u>	<u>-</u>	<u>340,428</u>
Total program services	1,756,656	-	-	1,756,656
<b>Support services:</b>				
Fundraising	158,277	-	-	158,277
Management and general	<u>97,077</u>	<u>-</u>	<u>-</u>	<u>97,077</u>
Total support services	<u>255,354</u>	<u>-</u>	<u>-</u>	<u>255,354</u>
Total expenses	<u>2,012,010</u>	<u>-</u>	<u>-</u>	<u>2,012,010</u>
Change in net assets	(169,170)	186,785	100,000	117,615
Net assets, beginning of period	<u>1,352,605</u>	<u>246,513</u>	<u>-</u>	<u>1,599,118</u>
Net assets, end of period	<u>\$ 1,183,435</u>	<u>\$ 433,298</u>	<u>\$ 100,000</u>	<u>\$ 1,716,733</u>

The accompanying notes are an integral  
part of these financial statements

## WhyHunger, Inc.

### STATEMENT OF FUNCTIONAL EXPENSES

For the Nine Months Ended December 31, 2015

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total</u>	
	<u>Grassroots Action Network</u>	<u>Artists Against Hunger and Poverty/ Hungerthon</u>	<u>Nourish</u>	<u>Global Movements</u>	<u>General Media for Program Services</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Supporting Services</u>	<u>Nine Months Ended December 31, 2015</u>
<b>Salaries and related expenses:</b>										
Salaries	\$ 134,188	\$ 163,133	\$ 273,913	\$ 153,457	\$ 165,165	\$ 889,856	\$ 66,201	\$ 69,463	\$ 135,664	\$ 1,025,520
Payroll taxes and employee benefits	33,672	20,663	64,108	41,992	24,091	184,526	7,091	10,077	17,168	201,694
Total salaries and related expenses	<u>167,860</u>	<u>183,796</u>	<u>338,021</u>	<u>195,449</u>	<u>189,256</u>	<u>1,074,382</u>	<u>73,292</u>	<u>79,540</u>	<u>152,832</u>	<u>1,227,214</u>
<b>Other expenses:</b>										
Professional and contract	13,144	21,823	53,654	9,610	74,969	173,200	40,354	2,485	42,839	216,039
Postage and shipping	255	17,347	330	341	225	18,498	233	54	287	18,785
Office supplies	3,072	4,548	5,423	2,560	9,847	25,450	14,336	815	15,151	40,601
Telephone	2,049	5,074	5,093	2,756	3,764	18,736	1,149	913	2,062	20,798
Occupancy	10,212	18,189	25,390	12,621	18,765	85,177	5,728	4,551	10,279	95,456
Staff travel	28,388	3,086	14,354	13,193	1,858	60,879	806	175	981	61,860
Printing and publications	1,784	710	1,799	4,111	1,800	10,204	2,640	-	2,640	12,844
Equipment rentals	1,153	2,054	2,867	1,425	2,119	9,618	647	514	1,161	10,779
Dues, fees and subscription	1,115	151	1,876	1,956	4,695	9,793	1,805	38	1,843	11,636
Conference and meetings	5,446	1,127	8,414	10,442	521	25,950	438	102	540	26,490
Grants, awards and donations	18,997	-	8,079	21,134	-	48,210	-	-	-	48,210
Bank charges and interest	570	6,809	1,416	704	1,047	10,546	3,564	254	3,818	14,364
Insurance	1,438	2,561	3,574	1,777	2,642	11,992	806	641	1,447	13,439
Advertising	44	103	109	54	156	466	25	20	45	511
Repairs and maintenance	906	1,614	2,253	1,120	1,665	7,558	508	404	912	8,470
Program supplies	-	42,916	-	-	-	42,916	3,674	-	3,674	46,590
Miscellaneous	519	998	1,291	642	954	4,404	291	231	522	4,926
Total expenses before depreciation and amortization	<u>256,952</u>	<u>312,906</u>	<u>473,943</u>	<u>279,895</u>	<u>314,283</u>	<u>1,637,979</u>	<u>150,296</u>	<u>90,737</u>	<u>241,033</u>	<u>1,879,012</u>
Depreciation and amortization	<u>14,228</u>	<u>25,343</u>	<u>35,375</u>	<u>17,586</u>	<u>26,145</u>	<u>118,677</u>	<u>7,981</u>	<u>6,340</u>	<u>14,321</u>	<u>132,998</u>
Total expenses	<u>\$ 271,180</u>	<u>\$ 338,249</u>	<u>\$ 509,318</u>	<u>\$ 297,481</u>	<u>\$ 340,428</u>	<u>\$ 1,756,656</u>	<u>\$ 158,277</u>	<u>\$ 97,077</u>	<u>\$ 255,354</u>	<u>\$ 2,012,010</u>

The accompanying notes are an integral  
part of these financial statements

# WhyHunger, Inc.

## STATEMENT OF CASH FLOWS

For the Nine Months Ended December 31, 2015

### **Cash flows from operating activities:**

Change in net assets	\$ 117,615
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	132,998
Realized gain on sale of investments	(25,289)
Unrealized loss on investments	33,187
Donated stocks	(115,161)
Decrease (increase) in assets:	
Contracts receivable	4,980
Contributions receivable	(604,641)
Prepaid and other assets	5,852
Increase (decrease) in liabilities:	
Accounts payable and other liabilities	(8,368)
Grants payable	(129,819)
Deferred revenue	<u>(15,000)</u>
Net cash used in operating activities	<u>(603,646)</u>

### **Cash flows from investing activities:**

Proceeds from sales of investments	203,242
Purchases of investments	(84,881)
Purchases of fixed assets	<u>(23,249)</u>
Net cash provided by investing activities	<u>95,112</u>

### **Cash flows from financing activities:**

Proceeds from line of credit	225,000
Principal payments of line of credit	<u>(148,934)</u>
Net cash provided by financing activities	<u>76,066</u>

Net decrease in cash and cash equivalents	(432,468)
Cash and cash equivalents, beginning of period	<u>692,534</u>
Cash and cash equivalents, end of period	<u><u>\$ 260,066</u></u>

### **Supplemental disclosure of cash flow information:**

Cash paid for interest	<u><u>\$ 2,693</u></u>
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The accompanying notes are an integral part of these financial statements



# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 1. Nature of the Organization:

WhyHunger, Inc. (WhyHunger) was founded in 1975 by singer/songwriter Harry Chapin and the former Executive Director, Bill Ayres, as World Hunger Year, Inc. On April 24, 2015, WhyHunger amended its certificate of incorporation to change its name from World Hunger Year, Inc. to WhyHunger, Inc. Concurrent with that change, WhyHunger changed its fiscal year to December 31.

WhyHunger is a leader in building the movement to end hunger and poverty by connecting people to nutritious, affordable food and by supporting grassroots solutions that inspire self-reliance and community empowerment. WhyHunger programs include Grassroots Action Network, Artists Against Hunger and Poverty/Hungerthon, Nourish Global Movements, and General Media for Program Services.

### 2. Summary of significant accounting policies:

**Basis of presentation:** The financial statements of WhyHunger have been prepared on the accrual basis of accounting.

**Financial statement presentation:** The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in the Statement of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statement of Activities.

These classes are defined as follows:

**Permanently restricted:** Net assets resulting from contributions and other inflows of assets whose use by WhyHunger is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of WhyHunger. At December 31 2015, WhyHunger had permanently restricted net assets of \$100,000.

# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 2. Summary of significant accounting policies (continued):

#### Financial statement presentation (continued):

**Temporarily restricted net assets:** Net assets resulting from contributions and other inflows of assets whose use by WhyHunger is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of WhyHunger pursuant to those stipulations. When such stipulations end or are fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities. At December 31, 2015, WhyHunger had temporarily restricted net assets of \$433,298.

**Unrestricted - Board designated fund:** Net assets consisting of all monies or assets contributed to WhyHunger, which are designated for future programs by the Board of Directors. At December 31, 2015, WhyHunger had Board designated unrestricted net assets of \$441,016.

**Unrestricted - operating:** The part of net assets that is neither permanently nor temporarily restricted by donor imposed stipulations. Unrestricted - operating net assets consists of unrestricted net assets not otherwise Board designated for a specific purpose.

**Cash and cash equivalents:** WhyHunger considers all cash and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Investments at fair value:** Investments consist of common stocks which are adjusted to their fair market value at the Statement of Financial Position date, resulting in either an unrealized gain or loss.

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

**Fair value measurements and disclosures:** Accounts Standards Codification (ASC) 820, *Fair Value Measurement*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 2. Summary of significant accounting policies (continued):

#### Fair value measurements and disclosures (continued):

ASC 820 defines fair value as the price to sell an asset or transfer a liability (i.e., the exit price) in an orderly transaction between market participants. Additionally, ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset developed based on market data obtained from sources independent of WhyHunger. Unobservable inputs are inputs that reflect WhyHunger's assumptions about the assumptions market participants would use in pricing the asset based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Observable inputs are unadjusted, quoted prices for identical assets or liabilities in active market at the measurement date. Level 1 securities include highly liquid U.S. Treasury securities, certain commons stocks and mutual funds.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date. Most debt securities, preferred stocks, certain equity securities, short-term investments and derivatives are model priced using observable inputs and are classified as Level 2.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Examples of Level 3 assets include investments in limited partnerships.

**Provisions for doubtful accounts:** WhyHunger does not provide an allowance for doubtful accounts. Doubtful accounts are written off as they are deemed by management to be uncollectible. All receivables, as stated in the financial statements, are deemed by WhyHunger's management to be fully collectible.

**Contributions and promises to give:** Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Contributions with donor imposed restrictions that are met in the same accounting period are recorded as unrestricted revenue.

# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 2. Summary of significant accounting policies (continued):

#### Contributions and promises to give (continued):

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Donated services and materials:** Donated stock is recorded at its fair market value at the time of the donation. Where measurable, gifts in-kind are recorded at their fair market value. During the nine months ended December 31, 2015, WhyHunger received donated radio air time in connection with its Hungerthon event. The fair market value of this donated air time was not measurable and, therefore the donation is not recognized in the accompanying Statement of Activities.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. Volunteers provided various services throughout the year to WhyHunger that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**Royalty income:** Royalty income consists of income earned by WhyHunger from a non-related party. These royalties include funds raised for WhyHunger by the sale of certain merchandise.

**Fixed assets:** Fixed assets are stated at cost. WhyHunger capitalizes expenditures for additional, renewals and betterments. Depreciation is computed over the estimated useful lives of the assets by the straight-line method for financial reporting as follows:

Furniture and fixtures	5-7 years
Computer and office equipment	5 years
Leasehold improvements	5 years
Website and database	5 years

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

**Grants payable:** Grants authorized but unpaid at year-end are reported as liabilities. During the nine month period ending December 31, 2015, WhyHunger changed its organizational policy with regard to the recording of grants payable resulting from donor-designated funds. The change in policy resulted in an increase of \$109,412 to temporarily restricted net assets for the nine month period ending December 31, 2015. All grants payable are classified as current on the Statement of Financial Position.

# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 2. Summary of significant accounting policies (continued):

**Deferred revenue:** Revenue related to receipts collected prior to the occurrence of special events is deferred and recognized in the period in which the special event is held. WhyHunger recorded no deferred revenue at December 31, 2015.

**Functional allocation of expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Common costs incurred for the administration of the various programs are allocated directly to the respective programs as incurred and/or utilizing predetermined allocation rates established by management. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income taxes:** WhyHunger was incorporated in the State of New York and is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, WhyHunger has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the nine months ended December 31, 2015.

ASC 740 requires that organizations must recognize the tax impact of a tax position taken on a tax return when it is more likely than not that the position will not be sustained on audit, based on the technical merits of the position. WhyHunger does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. WhyHunger has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, WhyHunger has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the nine months ended December 31, 2015, there was no interest or penalties recorded or included in the Statement of Activities. WhyHunger is subject to routine audits by a taxing authority. Management believes it is no longer subject to income tax examinations for tax years prior to 2012.

**Use of estimates:** In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 2. Summary of significant accounting policies (continued):

**Concentration of credit risk:** Financial instruments, which potentially subject WhyHunger to concentration of credit risk, consist primarily of cash and cash equivalents. At times, WhyHunger has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits.

**Subsequent events:** Subsequent events have been evaluated through April 11, 2016, which is the date the financial statements were available to be issued.

### 3. Investments at fair value:

Investments at December 31, 2015 at fair value are summarized below:

	<u>Cost</u>	<u>Fair Value</u>
Common stocks	\$335,087	\$427,557

The fair value of the investments detailed above is determined by reference to market quotations at December 31, 2015.

The investments are managed by professional investment advisors and managers.

WhyHunger's holdings in equities consist entirely of common stock securities which are carried at their aggregate market values as determined by the quoted market prices at the end of each business day. WhyHunger includes these prices in the amounts disclosed in Level 1 of the hierarchy. The following table presents WhyHunger's assets at December 31, 2015 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common stocks	\$427,557	\$427,557	\$ -	\$ -

# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 4. Contributions receivable:

Conditional promises to give are not recognized in the financial statements until the underlying conditions are substantially met. In April 2014, WhyHunger received a five year conditional promise to give totaling \$750,000. During the nine month period ending December 31, 2015, WhyHunger recognized contributions of \$135,000 related to this promise. To date, total contributions of \$260,000 have been recognized related to this promise as the underlying administrative conditions were substantially met.

Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The present value of future cash flows of the WhyHunger long-term receivables mirrors face value, accordingly no discount is recorded. Unconditional promises to give recorded at December 31, 2015, along with the expected maturity date of the gifts, is as follows:

Unconditional promises to give	\$922,050
Amounts due in:	
Less than one year	895,050
One to five years	23,000
More than five years	<u>4,000</u>
Total	<u>\$922,050</u>

### 5. Prepaid and other assets:

Included in prepaid and other assets are various autographed musical instruments and other memorabilia for future fundraising auction donations, security deposits and prepaid insurance. At December 31, 2015, the total balance of prepaid and other assets was \$42,326. Of this amount, \$21,938 pertains to the autographed musical instruments and other memorabilia.

# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 6. Fixed assets, net:

Fixed assets, net consist of the following at December 31, 2015:

Furniture and fixtures	\$ 80,164
Computer and office equipment	63,694
Leasehold improvements	20,609
Software and technology	<u>1,011,597</u>
	1,176,064
Less accumulated depreciation and amortization	<u>810,916</u>
Fixed assets, net	<u>\$ 365,148</u>

Depreciation and amortization expense for the nine months ended December 31, 2015 totaled \$132,998.

### 7. Line of credit:

WhyHunger has a line of credit with a financial institution in the amount of \$300,000, which matures September 30, 2016. The line of credit is secured by WhyHunger's assets and interest is charged on any outstanding balances at 5.5%. At December 31, 2015, outstanding borrowings under this line totaled \$76,066.

### 8. Commitments:

WhyHunger leases office space under a lease expiring in January 2017 and leases various copier and computer machines with terms through May 2018. Minimum future annual rentals are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$122,490
2017	26,964
2018	<u>5,855</u>
Total	<u>\$155,309</u>

For the nine months ended December 31, 2015 rent expense for the WhyHunger office lease was \$95,456, copier rent expense was \$1,540 and computer rent expense was \$10,246 which is reflected within occupancy expense, office supplies expense and equipment rentals expense, respectively, on the Statement of Functional Expenses.



# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 9. Board designated fund:

In 1995, certain members of the Board of Directors, in their individual capacities, undertook to establish an unrestricted Board designated fund for the benefit of WhyHunger. Since this amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets. It is the Board's intent to establish an endowment policy and create a Board designated endowment fund with the funds in 2016.

### 10. Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes at December 31, 2015:

Nourish program	\$225,000
U.S. Food Sovereignty Alliance	27,410
Program expenses, including re-granting of funds	<u>146,388</u>
Total program restriction	398,798
Time restriction	<u>34,500</u>
Total	<u>\$433,298</u>

### 11. Net assets released from restrictions:

During the nine months ended December 31, 2015, temporarily restricted net assets were released for the following purposes:

Nourish program	\$118,897
U.S. Food Sovereignty Alliance	11,716
Program expenses, including re-granting of funds	<u>65,400</u>
Total	<u>\$196,013</u>

### 12. Permanently restricted net assets:

On December 24, 2014, WhyHunger received a promise for a permanently restricted contribution of \$100,000 from a donor with the intention that these funds be held in perpetuity, invested and used to create an endowment. The contribution is recorded as a contribution receivable at December 31, 2015 on the Statement of Financial Position and was received by WhyHunger in January 2016. Pursuant to donor stipulations, in March 2016, the WhyHunger Board of Directors voted to establish an endowment, the spending

# WhyHunger, Inc.

## NOTES TO FINANCIAL STATEMENTS

**12. Permanently restricted net assets (continued):**

policy, investment policy and draw down procedures for which are currently being crafted by management and the WhyHunger Board of Directors.

**13. Pension plan:**

WhyHunger's defined contribution pension plan was established in 1993 under Section 403(b) of the Code. All employees, excluding those who normally work less than 20 hours per week, are eligible to participate in the pension plan upon date of hire. Participating employees contribute to the plan in the form of semi-monthly contributions (subject to annual Internal Revenue Service limitations). The plan provision called for an employer contribution of 5% of compensation after two years of service on a monthly basis. However, as of September 15, 2013, the plan was amended to change the non-elective contribution formula to a discretionary contribution. During the nine months ended December 31, 2015, WhyHunger did not make a discretionary contribution to the plan and did not recognize any pension expense.

**14. Related parties:**

During the nine months ended December 31, 2015, WhyHunger contracted with the printing company owed by one Board member and incurred expense of \$2,640 for printing services related to the annual gala.