

Feed the Hunger, Inc.

Financial Statements

December 31, 2024 and 2023

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Gilliam Bell Moser^{LLP}
we hear you

Independent Auditors' Report

The Board of Directors
Feed the Hunger, Inc.
Greensboro, North Carolina

Opinion

We have audited the accompanying financial statements of Feed the Hunger, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feed the Hunger, Inc. as of December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Feed the Hunger, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Feed the Hunger, Inc. as of December 31, 2023 were audited by other auditors whose report dated July 15, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Feed the Hunger, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Feed the Hunger, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Feed the Hunger, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dillion Bell Moser LLP

Certified Public Accountants
Burlington, North Carolina
October 2, 2025

Feed the Hunger, Inc.
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash	\$ 1,170,020	\$ 2,016,810
Investments	158,089	155,974
Contributions receivable	314,238	110,207
Sales tax receivable	7,067	3,002
Other receivable	581	342
Inventory	<u>163,550</u>	<u>141,112</u>
Total current assets	1,813,545	2,427,447
Property and equipment - net	4,112,386	78,593
Operating lease right of use assets - net	-	59,326
Finance lease right of use assets - net	<u>11,058</u>	<u>-</u>
Total assets	<u><u>\$ 5,936,989</u></u>	<u><u>\$ 2,565,366</u></u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 209,119	\$ 79,112
Accrued expenses	61,648	40,184
Current maturities of operating leases	-	59,326
Current maturities of finance leases	<u>2,077</u>	<u>-</u>
Total current liabilities	272,844	178,622
Long-term debt	2,312,000	-
Long-term finance leases	<u>8,999</u>	<u>-</u>
Total liabilities	<u>2,593,843</u>	<u>178,622</u>
Net Assets		
Without donor restrictions	3,039,070	2,134,476
With donor restrictions	<u>304,076</u>	<u>252,268</u>
Total net assets	<u>3,343,146</u>	<u>2,386,744</u>
Total liabilities and net assets	<u><u>\$ 5,936,989</u></u>	<u><u>\$ 2,565,366</u></u>

The accompanying notes are an integral part of these financial statements.

Feed the Hunger, Inc.
Statements of Activities

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in Net Assets Without Donor Restrictions:		
Revenues and Support:		
Contributions	\$ 3,697,488	\$ 3,524,371
In-kind contributions	26,320	31,516
Interest income	49,866	25,076
Gain on disposal of assets	-	699,992
Other income	9,719	12,351
Realized and unrealized gains - net	10,674	17,498
Net assets released from restrictions	<u>1,707,435</u>	<u>607,203</u>
 Total revenues and support	 <u>5,501,502</u>	 <u>4,918,007</u>
 Expenses:		
Program services and Missions	4,000,934	3,384,284
Management and general	282,684	208,606
Fundraising	<u>313,290</u>	<u>207,338</u>
 Total expenses	 <u>4,596,908</u>	 <u>3,800,228</u>
 Increase in net assets without donor restrictions	 <u>904,594</u>	 <u>1,117,779</u>
 Changes in Net Assets With Donor Restrictions:		
Contributions	1,759,243	594,482
Net assets released from restrictions	<u>(1,707,435)</u>	<u>(607,203)</u>
 Increase (decrease) in net assets with donor restrictions	 <u>51,808</u>	 <u>(12,721)</u>
 Total increase in net assets	 \$ 956,402	 \$ 1,105,058
 Net assets - beginning	 <u>2,386,744</u>	 <u>1,281,686</u>
 Net assets - ending	 <u>\$ 3,343,146</u>	 <u>\$ 2,386,744</u>

The accompanying notes are an integral part of these financial statements.

Feed the Hunger, Inc.

Statements of Functional Expenses

For the Years Ended December 31, 2024 and 2023

	Supporting Services				Supporting Services			
	Program Services and Missions	Management and General	Fundraising	2024 Totals	Program Services and Missions	Management and General	Fundraising	2023 Totals
Missions allocation	\$ 2,381,030	\$ -	\$ -	\$ 2,381,030	\$ 2,153,100	\$ -	\$ -	\$ 2,153,100
Advertising	4,815	904	910	6,629	4,753	828	814	6,395
Bank and broker fees	17,252	3,239	3,261	23,752	21,843	3,838	3,837	29,518
Contracted services	115,065	21,602	21,745	158,412	61,852	10,772	10,586	83,210
Depreciation	91,645	5,321	21,286	118,252	34,031	1,075	716	35,822
Dues and subscriptions	10,013	1,880	1,892	13,785	10,131	1,902	1,914	13,947
Housing allowance	21,229	3,985	4,012	29,226	20,274	3,530	3,471	27,275
Insurance	117,161	21,995	22,142	161,298	109,280	19,030	18,704	147,014
Interest	115,246	21,636	21,780	158,662	-	-	-	-
IT expenses	34,950	6,561	6,605	48,116	37,629	6,611	6,610	50,850
Maintenance and repairs	28,610	2,214	6,461	37,285	6,306	1,184	1,192	8,682
Miscellaneous	18,770	3,523	3,547	25,840	33,377	5,812	5,712	44,901
Office supplies and postage	15,860	2,978	2,997	21,835	14,343	2,497	2,455	19,295
Operating supplies	46,583	8,745	8,804	64,132	4,125	718	707	5,550
Payroll taxes	48,744	9,151	9,211	67,106	44,882	7,885	7,885	60,652
Printing	42,270	7,936	7,988	58,194	29,275	5,098	5,010	39,383
Property taxes	27,502	1,597	6,387	35,486	1,701	45	54	1,800
Rent	72,438	13,599	13,690	99,727	49,779	8,669	8,520	66,968
Retirement contribution	7,098	1,332	1,341	9,771	6,308	1,098	1,080	8,486
Salaries and wages	658,517	123,626	124,451	906,594	619,377	108,809	108,809	836,995
Telephone	11,408	2,142	2,156	15,706	13,857	2,413	2,371	18,641
Travel, food and lodging	83,858	15,743	15,848	115,449	81,492	14,317	14,316	110,125
Utilities	21,751	1,263	5,052	28,066	14,632	378	478	15,488
Vehicle expense	9,119	1,712	1,724	12,555	11,937	2,097	2,097	16,131
Total functional expenses	\$ 4,000,934	\$ 282,684	\$ 313,290	\$ 4,596,908	\$ 3,384,284	\$ 208,606	\$ 207,338	\$ 3,800,228

The accompanying notes are an integral part of these financial statements.

Feed the Hunger, Inc.**Statements of Cash Flows**

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 956,402	\$ 1,105,058
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	118,252	35,822
Gain on sale of property and equipment	-	(699,992)
Realized and unrealized gain on investments - net	(10,674)	(17,498)
Changes in operating assets and liabilities:		
Contributions receivable	(204,031)	(64,931)
Sales tax receivable	(4,065)	218
Other receivable	(239)	3,950
Inventory	(22,438)	(63,340)
Accounts payable	130,007	(73,215)
Accrued expenses	21,464	(8,336)
Unearned revenue	-	(14,237)
	<u>984,678</u>	<u>203,499</u>
Net cash provided by operating activities	<u>984,678</u>	<u>203,499</u>
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	-	900,000
Purchases of property and equipment	(1,251,857)	(56,834)
Proceeds on sale of investments	8,559	-
Purchases of investments	-	(2,118)
	<u>(1,243,298)</u>	<u>841,048</u>
Net cash provided by (used in) investing activities	<u>(1,243,298)</u>	<u>841,048</u>
Cash Flows from Financing Activities		
Principal payments on finance leases	(170)	-
Principal payments on long-term debt	(588,000)	-
	<u>(588,170)</u>	<u>-</u>
Net cash used in financing activities	<u>(588,170)</u>	<u>-</u>
Net increase (decrease) in cash	(846,790)	1,044,547
Cash - beginning	<u>2,016,810</u>	<u>972,263</u>
Cash - ending	<u><u>\$ 1,170,020</u></u>	<u><u>\$ 2,016,810</u></u>
Supplemental Disclosure of Cash Flows Information		
Interest paid	\$ 158,662	\$ -
Acquisition of equipment through finance lease	\$ 11,246	\$ -
Acquisition of property through long-term debt	\$ 2,900,000	\$ -

The accompanying notes are an integral part of these financial statements.

Feed the Hunger, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies

Nature of organization - Feed the Hunger, Inc. (the "Organization") is an evangelical mission organization, headquartered in Greensboro, North Carolina that connects followers of Christ with strategic leaders domestically and overseas to help fulfill the Great Commission. The Organization equips these leaders to feed spiritual hunger with tools like Bibles, community centers, church buildings, bicycles and micro-enterprise projects. Physical hunger is met through provision of nutritious food, clean water and emergency aid.

Use of accounting estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash - Cash includes all bank balances and highly liquid investments with an original maturity of three months or less. There is credit risk exposure for certain cash balances that exceed federally insured limits of \$250,000. The Organization has an Insured Sweep Deposit Placement Agreement with a financial institution. Under this agreement, when the deposit balance reaches \$250,000, the excess funds are transferred to another participating banking institution to be covered under the FDIC limit. Uninsured balances were \$295,589 and \$0 for the years ended December 31, 2024 and 2023, respectively.

Investments - The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Contributions receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Inventory - Raw materials and packaging materials inventory is used in the Organization's Feed the Hunger Pack-A-Thons. Purchased inventory is carried at cost using the first in first out (FIFO) method. Donated inventory is carried at estimated fair value at time of donation.

Property and equipment - Purchased property and equipment are stated at cost and include expenditures for major betterments and renewals. Maintenance and repairs are expensed as incurred. Donated assets are recorded at their estimated fair values at the time of donation, if readily determinable.

Depreciation - Property and equipment is depreciated using the double declining and straight-line methods over the estimated useful lives of assets ranging from three to forty years. Depreciation expense for the years ended December 31, 2024 and 2023 was \$118,252 and \$35,822, respectively.

Contributed services and assets - Donated materials and services are reflected in the financial statements only if an objective basis is available to measure the value of such material and services. The Organization received services donated by individuals supporting operations and program services. No amounts have been reflected in the financial statements for these services since they do not meet recognition criteria prescribed by generally accepted accounting principles.

Contributed equipment and supplies for client services received by the Organization are recorded as in-kind contribution revenue at their estimated fair value with a corresponding increase to inventory, fixed assets or client service program expenses, as applicable.

Feed the Hunger, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (continued)

Donated securities - Donated securities consist of publicly traded securities donated to the Organization. They are recorded at their fair market value upon contribution and adjusted to fair market value at year-end. The Organization's policy is to sell donated securities as soon after donation as reasonably possible.

Reclassification of contributions - The Organization has a policy whereby a percentage of unrestricted and restricted contributions are set aside at the time of the gift to help defray general and administrative expenses. This policy is communicated to all donors at the time of their gift. The percentage set aside for expenses is dependent on the program and size of the contribution, but ranges from 6% to 30%.

Leases - The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. All leases with a lease term greater than 12 months, regardless of lease type classification, are recorded as an obligation on the statement of financial position with a corresponding right of use asset. Both finance and operating leases are reflected as liabilities on the commencement date of the lease based on the present value of the lease payments to be made over the lease term. Right of use assets are valued at the initial measurement of the lease liability, plus any initial direct costs or rent prepayments, minus lease incentives and any deferred lease payments. The classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Organization has elected to use the short-term lease recognition exemption for all asset classes. This means that for leases that qualify, the Organization will not recognize right of use assets or lease liabilities. The Organization has also elected the practical expedient to not separate lease and non-lease components for all asset classes, meaning all consideration that is fixed, or in-substance fixed, will be captured as part of our lease components for balance sheet purposes. Variable lease payments are recognized when incurred. When a lease does not provide an implicit rate and the implicit rate is undeterminable, the Organization has elected to use the risk-free rate.

Advertising costs - The Organization expenses advertising costs as incurred. Total advertising costs for the years ended December 31, 2024 and 2023 were \$6,629 and \$6,395, respectively.

Functional expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Feed the Hunger, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (continued)

Net assets (continued) - Net assets with donor restrictions - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (i.e. when a stipulated time restriction ends or a purpose restriction is accomplished) in the year in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Note 2: Available Resources and Liquidity

The following reflects the Organization's financial assets as of year-end, reduced by amounts not available for general use due to board designations or donor-imposed restrictions.

	2024	2023
Cash	\$ 1,170,020	\$ 2,016,810
Investments	158,089	155,974
Contributions receivable	314,238	110,207
Total financial assets	1,642,347	2,282,991
Less assets to fund donor restrictions	304,076	252,268
Financial assets available	<u>\$ 1,338,271</u>	<u>\$ 2,030,723</u>

Furthermore, management and the Board monitor support through routine review of the annual budget.

Note 3: Tax Exempt Organization

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. Therefore, no income taxes are reflected in the accompanying financial statements. Management is unaware of any uncertain tax position in the financial statements that would jeopardize the Organization's tax-exempt status or otherwise requires disclosure.

Note 4: Investments

The following is a summary of investments held by the Alamance Community Foundation in its Balance Fund:

	Cost	Market	Unrealized Gain
As of December 31, 2024	\$ 144,603	\$ 158,089	\$ 13,486
As of December 31, 2023	\$ 151,048	\$ 155,974	\$ 4,926

Feed the Hunger, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 5: Property and Equipment

The following is a summary of costs and accumulated depreciation:

	2024	2023
Buildings and improvements	\$ 4,072,972	\$ -
Audio and video equipment	5,870	5,870
Furniture, fixtures and general equipment	166,299	156,433
Autos and trucks	128,956	68,956
Trademark	21,812	21,812
	<hr/>	<hr/>
Property and equipment - gross	4,395,909	253,071
Less accumulated depreciation	283,523	174,478
	<hr/>	<hr/>
Property and equipment - net	<u>\$ 4,112,386</u>	<u>\$ 78,593</u>

Note 6: Leases

The Organization has contractual obligations as a lessee with respect to warehouse space located in Texas that expired in December 2024. Rent expense related to this lease totaled \$62,292 and \$60,480 for the years ended December 31, 2024 and 2023, respectively.

As of January 1, 2025, the Organization has entered into a 36-month lease agreement for warehouse space located in Texas. The lease calls for payments ranging from \$5,895 to \$6,385 per month and expires December 31, 2027.

Supplemental balance sheet information related to leases as of December 31:

	2024	2023
Operating lease right of use assets	\$ -	\$ 117,045
Less accumulated amortization	-	57,719
	<hr/>	<hr/>
Operating lease right of use assets – net	<u>\$ -</u>	<u>\$ 59,326</u>
	<hr/>	<hr/>
Operating lease liabilities	\$ -	\$ 59,326
Less current maturities of operating lease liabilities	-	59,326
	<hr/>	<hr/>
Long-term operating lease liabilities	<u>\$ -</u>	<u>\$ -</u>

Feed the Hunger, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 6: Leases (continued)

	<u>2024</u>	<u>2023</u>
Finance lease right of use assets	\$ 11,246	\$ -
Less accumulated depreciation	<u>188</u>	<u>-</u>
Finance lease right of use assets – net	<u>\$ 11,058</u>	<u>\$ -</u>
Finance lease liabilities	\$ 11,076	\$ -
Less current maturities of finance lease liabilities	<u>2,077</u>	<u>-</u>
Long-term finance lease liabilities	<u>\$ 8,999</u>	<u>\$ -</u>

Future maturities of finance lease liabilities as of December 31, 2024 are as follows:

2025	\$ 2,481
2026	2,481
2027	2,481
2028	2,481
2029	<u>2,274</u>
Total future commitments	12,198
Less amount representing interest	<u>1,122</u>
Total finance lease liabilities	<u>\$ 11,076</u>

Components of lease expense for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 61,386	\$ 61,386
Rent expense for short-term leases	<u>38,341</u>	<u>5,582</u>
Total lease expense	<u>\$ 99,727</u>	<u>\$ 66,968</u>
Finance lease costs:		
Amortization of right of use assets	\$ 188	\$ -
Interest on lease liabilities	<u>36</u>	<u>-</u>
Total finance lease expense	<u>\$ 224</u>	<u>\$ -</u>

Feed the Hunger, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 6: Leases (continued)

Supplemental cash flow information related to leases for the years ended December 31:

	2024	2023
Cash paid for lease liabilities:		
Operating cash flows from operating leases	\$ 62,292	\$ 60,480
Operating cash flows from finance leases	36	-
Financing cash flows from finance leases	170	-
Right of use assets obtained under:		
Operating leases	\$ -	\$ 117,045
Finance leases	11,246	-
Weighted average information as of December 31:		
	2024	2023
Weighted average remaining lease term (in years):		
Operating leases	-	1.0
Finance leases	4.9	-
Weighted average discount rate:		
Operating leases	-%	5.0%
Finance leases	4.1%	-%

Note 7: Long-Term Debt

A description of the long-term debt follows:

	2024	2023
Mortgage payable to a bank with interest at 7.95%. Required payments on the mortgage include interest only payments through March 2026, followed by principal and interest payments of \$22,515 through February 2029, and a single payment of outstanding principal and interest in March 2029. The mortgage is secured by the Organization's building.	\$ 2,312,000	\$ -
Less current maturities of long-term debt	-	-
Total long-term debt	\$ 2,312,000	\$ -

Feed the Hunger, Inc.
Notes to Financial Statements
 December 31, 2024 and 2023

Note 7: Long-Term Debt (continued)

Future maturities of long-term debt are as follows:

2025	\$	-
2026		66,521
2027		95,074
2028		102,913
2029		<u>2,047,492</u>
Total maturities of long-term debt		<u>\$ 2,312,000</u>

Note 8: Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity. Level 3 assets are those whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with significant unobservable inputs, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Pooled funds: The Organization's investments are held and managed by Alamance Community Foundation. This is part of a pooled fund in which the Organization does not directly hold the underlying shares of funds in which it is invested. This is considered a level 2 investment. The underlying funds held by Alamance Community Foundation are readily observable by quoted prices in active markets.

Feed the Hunger, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 8: Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled funds	<u>\$ -</u>	<u>\$ 158,089</u>	<u>\$ -</u>	<u>\$ 158,089</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled funds	<u>\$ -</u>	<u>\$ 155,974</u>	<u>\$ -</u>	<u>\$ 155,974</u>

Note 9: Net Assets with Donor Restrictions as to Purpose

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2024</u>	<u>2023</u>
Aid and relief	\$ 61,691	\$ 21,223
Bible outreach	67,608	51,081
Children's outreach	68,298	89,172
Edu-Pack (school supplies)	1,630	16,102
FTH Expeditions	14,186	42,223
Help physical needs	60,621	10,623
Help spiritual needs	<u>30,042</u>	<u>21,844</u>
Total donor restricted net assets	<u>\$ 304,076</u>	<u>\$ 252,268</u>

Note 10: Gifts In-Kind and Volunteer Hours

The Organization recognized contribution revenue of \$26,320 and \$31,516 for the years ended December 31, 2024 and 2023, respectively, for gifts in-kind related to their exempt purpose. Contribution revenue from gifts in-kind was measured based on fair value of the items at the time of receipt. No amounts have been reflected in the financial statements for volunteer hours since these services do not meet the requirements for recognition in the financial statements.

Note 11: Retirement Plan

The Organization sponsors a simple IRA plan through American Funds. Employees choose the percentage or fixed amount they want withheld from their paychecks. The Organization matches 100% of the deduction up to 3% of the employee's gross wages. The Organization's matching portion was \$9,771 and \$8,486 for the years ended December 31, 2024 and 2023, respectively.

Note 12: Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on the estimates of time and effort.

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Note 13: Commitments

As of December 31, 2024, the Organization has outstanding contractual commitments to purchase \$58,160 of inventory during 2025.

Note 14: Reclassifications

Certain 2023 items in the statement of activities have been reclassified to conform to current year presentation. These reclassifications had no effect on the change in net assets as previously reported.

Note 15: Subsequent Events

The Organization has evaluated events and transactions that occurred between December 31, 2024 and October 2, 2025, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Subsequent to year-end, the Organization entered into a construction contract for renovations to its office building. Management estimates the project will be completed in 2025 for a total cost of \$175,000.