Feed the Hunger, Inc.

Financial Statements

December 31, 2025 and 2024

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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 statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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.

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.

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burlington, north carolina greensboro, north carolina

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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.

Gillian Bell Moser LLP

Certified Public Accountants
Burlington, North Carolina
August 6, 2026

Feed the Hunger, Inc.
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 1,050,444	$ 1,170,020
Investments	181,047	158,089
Contributions receivable	120,451	314,238
Sales tax receivable	15,031	7,067
Other receivable	-	581
Inventory	190,891	163,550
Total current assets	1,557,864	1,813,545
Property and equipment - net	4,310,870	4,156,732
Operating lease right of use assets - net	141,289	-
Finance lease right of use assets - net	8,809	11,058
Total assets	$ 6,018,832	$ 5,981,335
Liabilities		
Current liabilities:		
Accounts payable	$ 220,435	$ 209,119
Accrued expenses	70,696	61,648
Current maturities of long-term debt	31,161	-
Current maturities of operating leases	69,066	-
Current maturities of finance leases	2,163	2,077
Total current liabilities	393,521	272,844
Long-term debt	2,018,839	2,312,000
Long-term operating leases	75,143	-
Long-term finance leases	6,836	8,999
Total liabilities	2,494,339	2,593,843
Net Assets		
Without donor restrictions	3,193,495	3,083,416
With donor restrictions	330,998	304,076
Total net assets	3,524,493	3,387,492
Total liabilities and net assets	$ 6,018,832	$ 5,981,335

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

Feed the Hunger, Inc.
Statements of Activities
For the Years Ended December 31, 2025 and 2024

	2025	2024
Changes in Net Assets Without Donor Restrictions:		
Revenues and Support:		
Contributions	$ 4,108,788	$ 3,697,488
In-kind contributions	51,980	26,320
Interest income	23,912	49,866
Other income	18,677	9,719
Rental income	19,550	-
Realized and unrealized gains - net	21,475	10,674
Net assets released from restrictions	746,426	1,707,435
Total revenues and support	4,990,808	5,501,502
Expenses:		
Program services and Missions	4,276,128	3,966,566
Management and general	320,368	280,689
Fundraising	284,233	305,307
Total expenses	4,880,729	4,552,562
Increase in net assets without donor restrictions	110,079	948,940
Changes in Net Assets With Donor Restrictions:		
Contributions	773,348	1,759,243
Net assets released from restrictions	(746,426)	(1,707,435)
Increase in net assets with donor restrictions	26,922	51,808
Total increase in net assets	$ 137,001	$ 1,000,748
Net assets - beginning	3,387,492	2,386,744
Net assets - ending	$ 3,524,493	$ 3,387,492

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, 2025 and 2024

	Program Services and Missions	Supporting Services: Management and General	Supporting Services: Fundraising	2025 Totals	Program Services and Missions	Supporting Services: Management and General	Supporting Services: Fundraising	2024 Totals
Missions allocation	$ 2,426,564	$ -	$ -	$ 2,426,564	$ 2,381,030	$ -	$ -	$ 2,381,030
Advertising	11,193	2,008	1,800	15,001	4,815	904	910	6,629
Bank and broker fees	14,676	2,633	2,360	19,669	17,252	3,239	3,261	23,752
Contracted services	108,256	19,419	17,410	145,085	115,065	21,602	21,745	158,412
Depreciation	95,738	6,111	5,974	107,823	57,277	3,326	13,303	73,906
Dues and subscriptions	13,696	2,457	2,203	18,356	10,013	1,880	1,892	13,785
Housing allowance	36,313	6,514	5,840	48,667	21,229	3,985	4,012	29,226
Insurance	125,730	22,554	20,220	168,504	117,161	21,995	22,142	161,298
Interest	125,704	22,549	20,216	168,469	115,246	21,636	21,780	158,662
IT expenses	37,441	6,716	6,021	50,178	34,950	6,561	6,605	48,116
Maintenance and repairs	14,828	1,434	1,340	17,602	28,610	2,214	6,461	37,285
Miscellaneous	20,214	3,626	3,251	27,091	18,770	3,523	3,547	25,840
Office supplies and postage	12,361	2,217	1,988	16,566	15,860	2,978	2,997	21,835
Operating supplies	57,294	10,277	9,214	76,785	46,583	8,745	8,804	64,132
Payroll taxes	62,375	11,189	10,031	83,595	48,744	9,151	9,211	67,106
Printing	32,516	5,833	5,229	43,578	42,270	7,936	7,988	58,194
Property taxes	-	-	-	-	27,502	1,597	6,387	35,486
Rent	58,719	10,533	9,443	78,695	72,438	13,599	13,690	99,727
Retirement contribution	6,390	1,146	1,028	8,564	7,098	1,332	1,341	9,771
Salaries and wages	834,612	149,714	134,226	1,118,552	658,517	123,626	124,451	906,594
Telephone	12,313	2,209	1,980	16,502	11,408	2,142	2,156	15,706
Travel, food and lodging	134,257	24,083	21,592	179,932	83,858	15,743	15,848	115,449
Unrelated business income tax	-	4,110	-	4,110	-	-	-	-
Utilities	27,963	1,785	1,745	31,493	21,751	1,263	5,052	28,066
Vehicle expense	6,975	1,251	1,122	9,348	9,119	1,712	1,724	12,555
Total functional expenses	$ 4,276,128	$ 320,368	$ 284,233	$ 4,880,729	$ 3,966,566	$ 280,689	$ 305,307	$ 4,552,562

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, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Increase in net assets	$ 137,001	$ 1,000,748
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	107,823	73,906
Amortization of operating lease right of use assets	66,279	-
Realized and unrealized gain on investments - net	(21,475)	(10,674)
Changes in operating assets and liabilities:		
Contributions receivable	193,787	(204,031)
Sales tax receivable	(7,964)	(4,065)
Other receivable	581	(239)
Inventory	(27,341)	(22,438)
Accounts payable	11,316	130,007
Accrued expenses	9,048	21,464
Operating lease liabilities	(63,359)	-
Net cash provided by operating activities	405,696	984,678
Cash Flows from Investing Activities		
Purchases of property and equipment	(259,712)	(1,251,857)
Proceeds on sale of investments	-	8,559
Purchases of investments	(1,483)	-
Net cash used in investing activities	(261,195)	(1,243,298)
Cash Flows from Financing Activities		
Principal payments on finance leases	(2,077)	(170)
Principal payments on long-term debt	(262,000)	(588,000)
Net cash used in financing activities	(264,077)	(588,170)
Net decrease in cash	(119,576)	(846,790)
Cash - beginning	1,170,020	2,016,810
Cash - ending	$ 1,050,444	$ 1,170,020
Supplemental Disclosure of Cash Flows Information		
Interest paid	$ 168,469	$ 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.

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 $272,691 and $295,589 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024 was $107,823 and $73,906, 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.

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, 2025 and 2024 were $15,001 and $6,629, 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.

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.

	2025	2024
Cash	$ 1,050,444	$ 1,170,020
Investments	181,047	158,089
Contributions receivable	120,451	314,238
Total financial assets	1,351,942	1,642,347
Less assets to fund donor restrictions	330,998	304,076
Financial assets available	$ 1,020,944	$ 1,338,271

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. 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:

	Cost	Market	Unrealized Gain
As of December 31, 2025	$ 151,537	$ 181,047	$ 29,510
As of December 31, 2024	$ 144,603	$ 158,089	$ 13,486

Note 5: Property and Equipment

The following is a summary of costs and accumulated depreciation:

	2025	2024
Buildings, land and improvements	$ 4,308,312	$ 4,072,972
Audio and video equipment	5,870	5,870
Furniture, fixtures and general equipment	190,671	166,299
Autos and trucks	128,956	128,956
Trademark	21,812	21,812
Property and equipment - gross	4,655,621	4,395,909
Less accumulated depreciation	344,751	239,177
Property and equipment - net	$ 4,310,870	$ 4,156,732

Note 6: Leases

The Organization has contractual obligations as a lessee with respect to warehouse space located in Texas that expires in December 2027. Rent expense related to this lease totaled $70,740 for the year ended December 31, 2025.

The Organization has contractual obligations as lessee for office equipment. Under the terms of the agreement, the Organization will make 60 monthly payments of $207 through December 2029. As the lease transfers ownership of the underlying equipment, it has been classified as a finance lease.

The Organization is the lessor under an operating lease agreement for a portion of land located in Greensboro, North Carolina. The lease commenced on May 30, 2025, and operates on a month-to-month basis. Under the terms of the agreement, the lessee is required to make fixed monthly lease payments of $850. The lease will continue on a month-to-month basis until terminated by either party.

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

	2025	2024
Operating lease right of use assets	$ 207,568	$ -
Less accumulated amortization	66,279	-
Operating lease right of use assets – net	$ 141,289	$ -
Operating lease liabilities	$ 144,209	$ -
Less current maturities of operating lease liabilities	69,066	-
Long-term operating lease liabilities	$ 75,143	$ -

Note 6: Leases (continued)

	2025	2024
Finance lease right of use assets	$ 11,246	$ 11,246
Less accumulated depreciation	2,437	188
Finance lease right of use assets – net	$ 8,809	$ 11,058
Finance lease liabilities	$ 8,999	$ 11,076
Less current maturities of finance lease liabilities	2,163	2,077
Long-term finance lease liabilities	$ 6,836	$ 8,999

Future maturities of lease liabilities as of December 31, 2025 are as follows:

	Operating Leases	Finance Leases
2026	$ 73,620	$ 2,481
2027	76,620	2,481
2028	-	2,481
2029	-	2,275
Total future commitments	150,240	9,718
Less amount representing interest	6,031	719
Total lease liabilities	$ 144,209	$ 8,999

Components of lease expense for the years ended December 31:

	2025	2024
Operating lease expense	$ 73,660	$ 61,386
Rent expense for short-term leases	5,035	38,341
Total lease expense	$ 78,695	$ 99,727
Finance lease costs:		
Amortization of right of use assets	$ 2,249	$ 188
Interest on lease liabilities	404	36
Total finance lease expense	$ 2,653	$ 224

Note 6: Leases (continued)

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

	2025	2024
Cash paid for lease liabilities:		
Operating cash flows from operating leases	$ 70,740	$ 62,292
Operating cash flows from finance leases	404	36
Financing cash flows from finance leases	2,077	170
Right of use assets obtained under:		
Operating leases	$ 207,568	$ -
Finance leases	-	11,246

Weighted average information as of December 31:

	2025	2024
Weighted average remaining lease term (in years):		
Operating leases	2.0	-
Finance leases	3.9	4.9
Weighted average discount rate:		
Operating leases	4.27%	-%
Finance leases	4.07%	4.1%

Note 7: Long-Term Debt

A description of the long-term debt follows:

	2025	2024
Mortgage payable to a bank with interest at 6.25%. Required payments on the mortgage include interest only payments through March 2026, followed by principal and interest payments of $14,068 through February 2029, and a single payment of outstanding principal and interest in March 2029. The mortgage is secured by the Organization's building.	$ 2,050,000	$ 2,312,000
Less current maturities of long-term debt	31,161	-
Total long-term debt	$ 2,018,839	$ 2,312,000

Note 7: Long-Term Debt (continued)

Future maturities of long-term debt are as follows:

2026	$	31,161
2027		43,880
2028		46,702
2029		1,928,257
Total maturities of long-term debt	$	2,050,000

Note 8: Fair Value Measurements

Certain assets and liabilities are required to be recognized and disclosed at fair value. A fair value hierarchy 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are 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 judgement or estimation.

The assets' or liabilities' 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 and liabilities measured at fair value. There have been no changes in the methodologies used as of December 31, 2025 and 2024.

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.

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, 2025:

	Level 1	Level 2	Level 3	Total
Pooled funds	$ -	$ 181,047	$ -	$ 181,047

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

	Level 1	Level 2	Level 3	Total
Pooled funds	$ -	$ 158,089	$ -	$ 158,089

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at that reporting date.

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:

	2025	2024
Aid and relief	$ 71,685	$ 61,691
Bible outreach	113,429	67,608
Children's outreach	28,617	68,298
Edu-Pack (school supplies)	8,312	1,630
FTH Expeditions	8,127	14,186
Help physical needs	18,851	60,621
Help spiritual needs	81,977	30,042
Total donor restricted net assets	$ 330,998	$ 304,076

Note 10: Gifts In-Kind and Volunteer Hours

The Organization recognized contribution revenue of $51,980 and $26,320 for the years ended December 31, 2025 and 2024, 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 $8,564 and $9,771 for the years ended December 31, 2025 and 2024, 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.

Note 13: Commitments

As of December 31, 2025, the Organization has outstanding contractual commitments to purchase $33,350 of inventory during 2026.

Note 14: Unrelated Business Income Tax (UBIT)

The Organization is subject to federal income tax on net income arising from activities that constitute unrelated business income under IRC Sections 511–514. Such income is taxed at the applicable corporate income tax rates. For the years ended December 31, 2025 and 2024, the Organization had net unrelated business taxable income of $17,677 and $0, respectively, related to a land lease, and recognized income tax expense of $4,110 and $0, respectively.

Note 15: Prior Period Adjustment

For the year ended December 31, 2024, the Organization's accumulated depreciation was overstated by $44,346, resulting in an understatement of net assets. The 2024 statement of activities and statement of financial position have been restated resulting in increased assets and net assets by $44,346 to correct the aggregate effect of the misstatement.

Note 16: Subsequent Events

The Organization has evaluated events and transactions that occurred between December 31, 2025 and August 6, 2026, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.