End Hunger in Calvert County, Inc.

Financial Report
(Reviewed)
December 31, 2014

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McGladrey

Independent Accountant's Review Report

To the Board of Directors
End Hunger in Calvert County, Inc.
Huntingtown, Maryland

We have reviewed the accompanying balance sheet of End Hunger in Calvert County, Inc. (End Hunger) as of December 31, 2014, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modification that should be made to the accompanying 2014 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

McGladrey LLP

Gaithersburg, Maryland
July 31, 2015

Member of the RSM International network of independent accounting, tax and consulting firms.

End Hunger in Calvert County, Inc.

Balance Sheet
December 31, 2014
See Independent Accountant's Review Report

Assets		
Current Assets		
Cash	$	27,873
Accounts receivable		7,423
Promises to give		28,820
Prepaid expenses		3,800
Property and equipment, net		87,517
	$	155,433
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable	$	29,637
Deferred rent		121,710
Deferred revenue		1,600
		152,947
Commitment (Note 3)		
Net Assets (Deficit)		
Unrestricted (deficit)		(65,879)
Temporarily restricted		68,365
		2,486
	$	155,433

See Notes to Financial Statements.

End Hunger in Calvert County, Inc.

Statement of Activities
Year Ended December 31, 2014
See Independent Accountant's Review Report

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Event registration and sponsorships	$ 164,950	$ -	$ 164,950
Grants	14,464	77,373	91,837
Contributions	134,701	10,305	145,006
Food donations	323,013	-	323,013
Other	7,455	-	7,455
Net assets released from restriction	89,226	(89,226)	-
Total support and revenue	733,809	(1,548)	732,261
Expenses			
Programs:			
Occupancy and utilities	89,532	-	89,532
Client support	30,852	-	30,852
Salaries and commissions	100,265	-	100,265
Pantry supplies	3,670	-	3,670
Awareness	34,627	-	34,627
Food	423,752	-	423,752
Depreciation and amortization	12,676	-	12,676
Total program expenses	695,374	-	695,374
Fundraising	39,793	-	39,793
General and administrative:			
Bank and payroll fees	3,681	-	3,681
Professional services and dues	7,600	-	7,600
Office	2,263	-	2,263
Total general and administrative	13,544	-	13,544
Total expenses	748,711	-	748,711
Change in net assets	(14,902)	(1,548)	(16,450)
Net Assets (Deficit)			
Beginning	(50,977)	69,913	18,936
Ending	$ (65,879)	$ 68,365	$ 2,486

See Notes to Financial Statements.

End Hunger in Calvert County, Inc.

Statement of Cash Flows
Year Ended December 31, 2014
See Independent Accountant's Review Report

Cash Flows From Operating Activities		
Change in net assets	$	(16,450)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		12,676
Deferred rent		16,789
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable		(7,423)
Promise to give		(3,820)
Prepaid expenses		(150)
Increase (decrease) in:		
Accounts payable		1,163
Deferred revenue		1,600
Net cash provided by operating activities		4,385
Cash Flows From Investing Activities		
Purchase of property and equipment		(14,015)
Net decrease in cash		(9,630)
Cash		
Beginning		37,503
Ending	$	27,873

See Notes to Financial Statements.

End Hunger in Calvert County, Inc.

Notes to Financial Statements
See Independent Accountant's Review Report

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: End Hunger in Calvert County, Inc. (End Hunger) was incorporated in Huntingtown, Maryland on July 24, 2009, for the purpose of making distributions to not-for-profit organizations to assist with public welfare.

A summary of End Hunger's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned, and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of the FASB ASC, End Hunger is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. End Hunger had no permanently restricted net assets at December 31, 2014.

Unconditional promises to give: Unconditional promises to give are recognized in support and revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are carried at present value after providing an estimate for doubtful promises to give based on a review of all outstanding promises to give on a monthly basis. Management determines the allowance for doubtful promises to give by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible. Based on management's evaluation of the collection of promises, there is no allowance for doubtful promises at December 31, 2014. The promises to give are due in the year ending December 31, 2015.

Property and equipment: Property and equipment are capitalized at cost and depreciated over useful lives of 5 to 15 years. Leasehold improvements are recognized at original cost and are amortized over the life of the lease. End Hunger's policy is to capitalize items over $500.

Deferred rent: End Hunger leases a warehouse facility under a non-cancelable lease expiring in May 2020. The current lease provides two months of free rent and requires minimum annual rents with increases every three years. Lease expense is required to be recognized on a straight line basis over the term of the lease in accordance with accounting principles generally accepted in the United States of America. Accordingly, the amount of rent expense does not coincide with the cash payments. This gives rise to a deferred rent liability, which is being amortized over the term of the lease. At December 31, 2014, deferred rent was $121,710.

Unrestricted net assets: Unrestricted net assets are net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Temporarily restricted net assets: Temporarily restricted net assets result from donor restricted grants and contributions whose use is limited by donor-imposed stipulations that are fulfilled and removed by actions of End Hunger pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. When a restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

Revenue recognition: Event revenue is recorded in the year in which the events are held.

Donated food from food drives and local organizations, as well as event fundraisers, is recorded as a contribution at its estimated fair market value, which is based on an average value per pound provided by the local food bank, and is recorded as revenue at the date of donation.

Tax status: End Hunger is generally exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). However, End Hunger is subject to income taxes on unrelated business income, as defined by the Internal Revenue Service. During the year ended December 31, 2014, End Hunger had no taxable unrelated business income, and accordingly, no provision for income taxes is required in the accompanying financial statements.

Management has evaluated End Hunger's tax positions and has concluded that End Hunger has taken no uncertain tax positions that require adjustment to the financial statements. Generally, End Hunger is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities before 2011.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of End Hunger.

Upcoming accounting pronouncement: In April 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-06, Not-for-Profit Entities (Topic 958): *Services Received from Personnel of an Affiliate*. This ASU requires a recipient not-for-profit entity to recognize those services. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. This ASU is effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: End Hunger evaluated subsequent events through July 31, 2015, which is the date the financial statements were available to be issued.

Note 2. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2014, are as follows:

Leasehold improvements	$	74,026
Equipment		34,297
Computer		1,651
		109,974
Less accumulated depreciation		22,457
	$	87,517

Note 3. Operating Lease

On May 18, 2011, End Hunger entered into a nine-year lease agreement for a warehouse facility. The agreement covers the facility as well as fixed common area maintenance (CAM) charges. The lease included two months of abated rent for June and July 2011, and fixed increases of base rent and CAM charges after years three and six years.

The future minimum lease payments are as follows:

Year Ending December 31,		
2015	$	79,800
2016		79,800
2017		105,350
2018		123,600
2019		123,600
2020		51,500
	$	563,650

Rent expense for the year ended December 31, 2014, totaled $81,589.

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets include donor-restricted grants and contributions which are either time restricted or only available for program activities. Temporarily restricted net assets were released from restrictions during the year ended December 31, 2014, due to the purpose restriction being accomplished.

Changes in temporarily restricted net assets during the year ended December 31, 2014, are as follows:

	Balance December 31, 2013	Additions	Transfers	Releases	Balance December 31, 2014
Time Restricted					
Promises to Give	$ 25,000	$ 28,820	$ (25,000)	$ -	$ 28,820
Purpose Restricted					
End Hunger Works	36,177	39,423	25,000	(73,306)	27,294
Culinary Kitchen	8,736	19,435	-	(15,920)	12,251
	44,913	58,858	25,000	(89,226)	39,545
	$ 69,913	$ 87,678	$ -	$ (89,226)	$ 68,365

Note 5. Related Party

End Hunger is affiliated with Chesapeake Church (the Church). At December 31, 2014, End Hunger owed $3,697 to the Church which is included in accounts payable on the balance sheet and the Church owed End Hunger $7,423 which is included in accounts receivable on the balance sheet. During the year ended December 31, 2014, the Church contributed approximately $3,800 to End Hunger.