End Hunger In Calvert County, Inc.

Financial Report
(Reviewed)
December 31, 2011

Contents

Independent Accountant's Review Report	1
Financial Statements	
Balance Sheets	2
Statements Of Activities	3
Statements Of Cash Flows	4
Notes To Financial Statements	5 – 7

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 sheets of End Hunger in Calvert County, Inc. (the Corporation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years 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 reviews 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 reviews, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

McGladrey LLP

Vienna, Virginia
December 21, 2012

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

End Hunger In Calvert County, Inc.

Balance Sheets
December 31, 2011 And 2010
See Independent Accountant's Review Report

Assets	**2011**	2010
Cash And Cash Equivalents	**$ 74,564**	$ 54,626
Accounts Receivable	**10,172**	7,968
Prepaid Expenses	**3,650**	-
Leasehold Improvements, net of amortization of $898 and $0, respectively	**18,501**	-
	$ 106,887	$ 62,594
Liabilities And Net Assets		
Liabilities		
Accounts Payable	**$ 6,010**	$ 289
Deferred Rent Liability	**29,343**	-
	35,353	289
Commitment (Note 3)		
Net Assets		
Unrestricted	**59,979**	62,305
Temporarily Restricted	**11,555**	-
	71,534	62,305
	$ 106,887	$ 62,594

See Notes To Financial Statements.

End Hunger In Calvert County, Inc.
Statements Of Activities
Years Ended December 31, 2011 And 2010
See Independent Accountant's Review Report

	2011			
	Unrestricted	**Temporarily Restricted**	**Total**	2010 Unrestricted
Support and revenue:				
Contributions	**$ 147,833**	**$ 10,000**	**$ 157,833**	$ 103,248
State grant	**-**	**16,155**	**16,155**	-
Other	**22**	**-**	**22**	103
Total support and revenue	**147,855**	**26,155**	**174,010**	103,351
Expenses:				
Program:				
Special events	**19,033**	**-**	**19,033**	24,993
Client services	**124,319**	**14,600**	**138,919**	49,085
General and administrative	**6,829**	**-**	**6,829**	2,603
Total expenses	**150,181**	**14,600**	**164,781**	76,681
Change in net assets	**(2,326)**	**11,555**	**9,229**	26,670
Net assets:				
Beginning	**62,305**	**-**	**62,305**	35,635
Ending	**$ 59,979**	**$ 11,555**	**$ 71,534**	$ 62,305

See Notes To Financial Statements.

End Hunger In Calvert County, Inc.

Statements Of Cash Flows
Years Ended December 31, 2011 And 2010
See Independent Accountant's Review Report

		2011		2010
Cash Flows From Operating Activities				
Change in net assets	**$**	**9,229**	$	26,670
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Amortization		**898**		-
Contributions used for fixed asset purchases		**(16,155)**		-
Deferred rent		**29,343**		-
Changes in assets and liabilities:				
Increase in accounts receivable		**(2,204)**		-
Increase in prepaid expenses		**(3,650)**		-
Increase in accounts payable		**5,721**		289
Net cash provided by operating activities		**23,182**		26,959
Cash Flows from Investing Activities				
Purchase of leasehold improvements		**(19,399)**		-
Cash Flows from Financing Activities				
Contributions used for fixed asset purchases		**16,155**		-
Net increase in cash and cash equivalents		**19,938**		26,959
Cash And Cash Equivalents				
Beginning		**54,626**		27,667
Ending	**$**	**74,564**	$	54,626

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. (the Corporation) 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 the Corporation's significant accounting policies follows:

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

Basis of presentation: The financial statement presentation follows the recommendations of the FASB ASC. As required by the Non-Profit Entities Topic of the FASB ASC, the Corporation 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. The Corporation had no permanently restricted net assets at December 31, 2011 and 2010. The Corporation had no temporarily restricted net assets at December 31, 2010.

Cash and cash equivalents: For purposes of reporting cash flows, the Corporation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Based on management's evaluation of the collectability of receivables, no provision for an allowance for doubtful accounts was necessary at December 31, 2011. There were no accounts receivable at December 31, 2010.

Leasehold improvements: Leasehold improvements are recognized at original cost and are amortized over the life of the lease of nine years. Amortization expense for the years ended December 31, 2011 and 2010, was $898 and $0, respectively. The Corporation's policy is to capitalize items over $500.

Valuation of long-lived assets: The Corporation reviews long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Deferred rent: The Corporation leases a warehouse facility under non-cancelable leases expiring in May 2020. The current lease provides two months of free rent and requires minimum annual rents with increases every three years, which is required to be recognized ratably 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, 2011, deferred rent was $29,343. There was no deferred rent at December 31, 2010.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

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

Temporarily restricted net assets: Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that are fulfilled and removed by actions of the Corporation 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. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributions and grants: Contributions and grants are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Contributions that are restricted by the donor are reported as unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Tax status: The Corporation is generally exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, the Corporation is subject to income taxes on unrelated business income, as defined by the Internal Revenue Service. During the year ended December 31, 2011, the Corporation had no taxable unrelated business income, and accordingly, no provision for income taxes is required in the accompanying financial statements.

The Corporation has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Corporation had no such positions recorded in the financial statements at December 31, 2011 and 2010. Generally, the Corporation is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2008.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements 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 the Corporation.

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: The Corporation evaluated subsequent events through December 21, 2012, which is the date the financial statements were available to be issued.

Note 2. Related Party Transactions

The Corporation received reimbursement from Chesapeake Church (the Church), a related organization that is affiliated by common management and directors, for administration of the Corporation's programs.

At December 31, 2011 and 2010, accounts receivable from the Church totaled $7,968, which is shown as a component of accounts receivable presented in the balance sheets.

Note 3. Operating Lease

On May 18, 2011, the Corporation 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 includes 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:

Years Ending December 31,		
2012	$	43,800
2013		43,800
2014		64,800
2015		79,800
2016		79,800
Thereafter		404,050
	$	716,050

The rent expense for 2011 totaled $48,165.

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets include donor restricted and other funds, which are only available for program activities or general support designated for future years. Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the program restriction.

Temporarily restricted net asset activity for the year ended December 31, 2011, is as follows:

	Balance December 31, 2010	Additions	Releases	**Balance December 31, 2011**
Client services	$ -	$ 10,000	$ -	**$ 10,000**
State grant – equipment	-	16,155	(14,600)	**1,555**
	$ -	$ 26,155	$ (14,600)	**$ 11,555**