

FEED FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012**

	<u>2013</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash and equivalents	\$ 184,592	\$ 11,797	\$ 196,389
Contributions receivable	<u>38,931</u>	<u>52,668</u>	<u>91,599</u>
TOTAL ASSETS	<u>\$ 223,523</u>	<u>\$ 64,465</u>	<u>\$ 287,988</u>
LIABILITIES			
Accounts payable	\$ 1,888		\$ 1,888
Due to FEED Projects, LLC			
Total Liabilities	<u>1,888</u>		<u>1,888</u>
NET ASSETS			
Unrestricted	221,635		221,635
Temporarily restricted		\$ 64,465	64,465
Total Net Assets	<u>221,635</u>	<u>64,465</u>	<u>286,100</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 223,523</u>	<u>\$ 64,465</u>	<u>\$ 287,988</u>

See accompanying notes.

2012		
Unrestricted	Temporarily Restricted	Total
\$ 237,212	\$ 211,597	\$ 448,809
<u>46,505</u>	<u>248,151</u>	<u>294,656</u>
<u><u>\$ 283,717</u></u>	<u><u>\$ 459,748</u></u>	<u><u>\$ 743,465</u></u>
\$ 7,900		\$ 7,900
<u>13,670</u>		<u>13,670</u>
<u>21,570</u>		<u>21,570</u>
262,147		262,147
	<u>\$ 459,748</u>	<u>459,748</u>
<u>262,147</u>	<u>459,748</u>	<u>721,895</u>
<u><u>\$ 283,717</u></u>	<u><u>\$ 459,748</u></u>	<u><u>\$ 743,465</u></u>

FEED FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2013 and 2012

	2013		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 157,111	\$ 733,823	\$ 890,934
Interest income	721		721
	<u>157,832</u>	<u>733,823</u>	<u>891,655</u>
Net assets released from restrictions	1,129,106	(1,129,106)	
Total Revenue and Support	<u>1,286,938</u>	<u>(395,283)</u>	<u>891,655</u>
EXPENSES			
Programs	1,200,365		1,200,365
Management and general	88,868		88,868
Fundraising	38,217		38,217
Total Expenses	<u>1,327,450</u>		<u>1,327,450</u>
INCREASE (DECREASE) IN NET ASSETS	(40,512)	(395,283)	(435,795)
NET ASSETS			
Beginning of Year	<u>262,147</u>	<u>459,748</u>	<u>721,895</u>
End of Year	<u>\$ 221,635</u>	<u>\$ 64,465</u>	<u>\$ 286,100</u>

See accompanying notes.

2012		
Unrestricted	Temporarily Restricted	Total
\$ 386,123	\$ 968,721	\$ 1,354,844
259		259
<u>386,382</u>	<u>968,721</u>	<u>1,355,103</u>
537,984	(537,984)	
<u>924,366</u>	<u>430,737</u>	<u>1,355,103</u>
543,984		543,984
77,042		77,042
<u>214,415</u>		<u>214,415</u>
<u>835,441</u>		<u>835,441</u>
88,925	430,737	519,662
<u>173,222</u>	<u>29,011</u>	<u>202,233</u>
<u>\$ 262,147</u>	<u>\$ 459,748</u>	<u>\$ 721,895</u>

FEED FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2013 and 2012

Expenses	Program		Management and General		Fundraising		Total Expenses	
	2013	2012	2013	2012	2013	2012	2013	2012
Donations	\$1,177,500	\$491,330					\$1,177,500	\$491,330
Bad debt					\$15,000		15,000	
Travel		2,592			122	\$ 1,801	122	4,393
Promotional	19	11,633					19	11,633
Rent	2,000	2,000	\$ 2,000	\$ 2,000	2,000	2,000	6,000	6,000
Professional fees	17,958	15,567	86,367	74,516	17,958	15,567	122,283	105,650
Events					3,137	195,047	3,137	195,047
Dues and subscriptions	1,081	1,065	360	355			1,441	1,420
Website	1,428	16,044					1,428	16,044
Printing	49	3,074					49	3,074
Miscellaneous	330	679	141	171			471	850
TOTAL EXPENSES	\$1,200,365	\$543,984	\$88,868	\$77,042	\$38,217	\$214,415	\$1,327,450	\$835,441

See accompanying notes.

FEED FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (435,795)	\$ 519,662
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in certain assets:		
Contributions receivable	203,057	(230,145)
Increase (decrease) in certain liabilities:		
Accounts payable	(6,012)	(12,643)
Due to FEED Projects, LLC	(13,670)	13,670
Net Cash Provided (Used) by Operating Activities	<u>(252,420)</u>	<u>290,544</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(252,420)	290,544
CASH AND EQUIVALENTS		
Beginning of Year	<u>448,809</u>	<u>158,265</u>
End of Year	<u><u>\$ 196,389</u></u>	<u><u>\$ 448,809</u></u>

See accompanying notes.

FEED FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FEED Foundation, Inc. (the Foundation) was incorporated in 2008 under the laws of the State of New York, as a nonprofit organization. The Foundation was organized to support programs and organizations that are effectively working to fight hunger and eliminate malnutrition throughout the world.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

Net Assets are classified as unrestricted, temporarily restricted or permanently restricted based on specific donor restrictions. The Foundation has no permanently restricted net assets as of December 31, 2013 and 2012.

- **Unrestricted Net Assets** include all assets over which the Foundation's governing board has full discretion as to use and which are available for support of the Foundation's operations.
- **Temporarily Restricted Net Assets** include net assets whose use by the Foundation's governing board is limited by donor-imposed stipulations that will be met by action of the Foundation and/or the passage of time. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. These net asset categories include:

FEED USA represents contributions received to provide meals and/or better nutrition education to children and families across the United States.

FEED NYC represents contributions received to support organizations providing emergency meals to people in the hardest-hit areas of New York City and those devastated by Hurricane Sandy.

WFP School Feeding represents contributions received to support the World Food Program's efforts to provide nutritious school meals to children in 62 countries.

FEED Africa represents contributions received to support organizations providing emergency food and critical services to children and families who urgently need aid in the Horn of Africa.

UNICEF Japan Relief represents contributions received to provide funding for emergency food and basic necessities to those devastated by the 2011 earthquake in Japan.

UNICEF Tap Project represents contributions received to help the 768 million people around the world without access to clean water.

Cash and Equivalents include all cash and short-term investments with original maturities of three months or less. The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable represent the remaining balance of unconditional promises to give that have not yet been received. Contributions that are expected to be collected within one year or less are recorded at net realizable value. All contributions receivable at December 31, 2013 and 2012 are due within one year or less.

The allowance for uncollectible contributions is determined by management based on the Foundation's past experience, specific donor circumstances, and payment history. Periodically, management reviews contributions receivable and records an allowance based on current circumstances, and charges off receivables against the allowance when all attempts to collect the receivables are deemed to have failed in accordance with the Foundation's collection policy.

Approximately 70% of the contributions receivable balance at December 31, 2013 is due from four contributors. Approximately 58% of the contributions receivable balance at December 31, 2012 is due from two contributors.

Revenue and Support: Grants and contributions are recognized as revenue during the year in which they are awarded or pledged. Such revenue is recorded as unrestricted, temporarily restricted or permanently restricted as designated by the grantor or donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Two grantors contributed 28% and 30% of the Foundation's total revenue and support for 2013 and 2012, respectively.

Donated Services of \$43,729 in 2013 and \$58,000 in 2012 has been reflected in the financial statements. Services that require specialized skills and which would typically need to be purchased if not provided by donation are recorded as contributions and expenses in the accompanying financial statements at their estimated fair values.

Functional Allocation of Expenses: The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Tax Status: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2013 and 2012.

The Foundation files U.S. federal and state of New York information tax returns. The Foundation is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2010.

Subsequent Events: The Foundation has evaluated the financial statements for subsequent events occurring through July 24, 2014, the date the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

FEED Projects, LLC (the Project) creates products that help feed the world by building a set donation into the cost of each product. The accounts of the Project have not been combined with the Foundation in the accompanying financial statements. The Project provides certain employee and office services to the Foundation and the Foundation reimburses the Project for its allocable share of the costs.

NOTE 2 - RELATED PARTY TRANSACTIONS (CONTINUED)

The Foundation currently rents its office space on a month-to-month basis from the Project for the use of space in the New York headquarters building. The Foundation paid the Project \$6,000 for this lease during each of the years ended December 31, 2013 and 2012.

At December 31, 2012, the amount due to the Project totaled \$13,670, payable for salary and rent. No amounts were owed to the Project at December 31, 2013.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Foundation categorizes its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The 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 unobservable inputs (Level 3 measurements). The asset or liability'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 three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Foundation makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodology used by the Foundation for assets that are measured at fair value on a recurring basis. There have been no changes in the methodology used at December 31, 2013 and 2012.

Money Market Fund Shares: Valued at the published net asset value (NAV) of the shares held by the Foundation at the reporting date.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation's management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the reporting date.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Foundation's assets that are measured at fair value on a recurring basis as of December 31, 2013 and 2012:

2013	Level 1	Total
Assets		
Cash equivalents:		
Money market fund shares	<u>\$122,600</u>	<u>\$122,600</u>

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

2012	Level 1	Total
Assets		
Cash equivalents:		
Money market fund shares	<u>\$150,825</u>	<u>\$150,825</u>

At December 31, 2013 and 2012, the Foundation had no other assets and no liabilities that are measured at fair value on a recurring basis.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2013 and 2012 consisted of the following:

	2013	2012
Use restriction:		
FEED USA	\$ 8,846	\$239,237
FEED NYC	3,155	135,514
WFP School Feeding	40,120	75,314
FEED Africa	6,774	
Other	<u>5,570</u>	<u>9,683</u>
Total Temporarily Restricted Net Assets	<u>\$64,465</u>	<u>\$459,748</u>

NOTE 5 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors were comprised of the following for the years ended December 31, 2013 and 2012:

	2013	2012
WFP School Feeding	\$ 287,702	\$389,846
FEED Africa	200,000	51,425
FEED USA	431,558	44,197
FEED NYC	140,781	32,516
UNICEF Japan Relief		20,000
UNICEF Tap Project	64,065	
Other	<u>5,000</u>	
Total Net Assets Released from Restrictions	<u>\$1,129,106</u>	<u>\$537,984</u>