

*the* **FEED**  
**FOUNDATION**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2015 and 2014

# FEED FOUNDATION, INC.

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*Independent Auditors' Report*

Board of Directors  
FEED Foundation, Inc.

We have audited the accompanying financial statements of FEED Foundation, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FEED Foundation, Inc. as of December 31, 2015 and 2014, 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.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
November 8, 2016

**FEED FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**

	<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and equivalents	\$ 99,544	\$ 73,697	\$ 173,241
Contributions receivable	59,197	53,515	112,712
<b>TOTAL ASSETS</b>	<u>\$ 158,741</u>	<u>\$ 127,212</u>	<u>\$ 285,953</u>
<b>LIABILITIES</b>			
Accounts payable			
Due to FEED Projects, LLC	<u>\$ 56,000</u>		<u>\$ 56,000</u>
Total Liabilities	<u>56,000</u>		<u>56,000</u>
<b>NET ASSETS</b>			
Unrestricted	102,741		102,741
Temporarily restricted		<u>\$ 127,212</u>	<u>127,212</u>
Total Net Assets	<u>102,741</u>	<u>127,212</u>	<u>229,953</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 158,741</u>	<u>\$ 127,212</u>	<u>\$ 285,953</u>

*See accompanying notes.*

**2014**

<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ 13,580	\$ 60,968 12,905	\$ 60,968 26,485
<u>\$ 13,580</u>	<u>\$ 73,873</u>	<u>\$ 87,453</u>
\$ 889 6,000		\$ 889 6,000
<u>6,889</u>		<u>6,889</u>
6,691	\$ 73,873	6,691 73,873
<u>6,691</u>	<u>73,873</u>	<u>80,564</u>
<u>\$ 13,580</u>	<u>\$ 73,873</u>	<u>\$ 87,453</u>

**FEED FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2015 and 2014**

	<b>2015</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Contributions and grants	\$ 176,269	\$ 424,481	\$ 600,750
Interest income	165		165
	<u>176,434</u>	<u>424,481</u>	<u>600,915</u>
Net assets released from restrictions	371,142	(371,142)	
Total Revenue and Support	<u>547,576</u>	<u>53,339</u>	<u>600,915</u>
<b>EXPENSES</b>			
Programs	377,313		377,313
Management and general	45,012		45,012
Fundraising	29,201		29,201
Total Expenses	<u>451,526</u>		<u>451,526</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	96,050	53,339	149,389
<b>NET ASSETS</b>			
Beginning of Year	<u>6,691</u>	<u>73,873</u>	<u>80,564</u>
End of Year	<u>\$ 102,741</u>	<u>\$ 127,212</u>	<u>\$ 229,953</u>

*See accompanying notes.*

**2014**

<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ 86,495	\$ 402,129	\$ 488,624
372		372
<u>86,867</u>	<u>402,129</u>	<u>488,996</u>
392,721	(392,721)	
<u>479,588</u>	<u>9,408</u>	<u>488,996</u>
581,551		581,551
53,799		53,799
59,182		59,182
<u>694,532</u>		<u>694,532</u>
(214,944)	9,408	(205,536)
<u>221,635</u>	<u>64,465</u>	<u>286,100</u>
<u>\$ 6,691</u>	<u>\$ 73,873</u>	<u>\$ 80,564</u>



**FEED FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2015 and 2014**

	Program		Management and General		Fundraising		Total Expenses	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>EXPENSES</b>								
Donations	\$ 357,720	\$ 556,659					\$ 357,720	\$ 556,659
Bad debt						\$ 7,500		7,500
Travel						44		44
Rent	2,000	2,000	\$ 2,000	\$ 2,000	\$ 2,000	2,000	6,000	6,000
Professional fees	16,667	22,167	42,849	51,593	16,667	22,167	76,183	95,927
Events					4,546	3,205	4,546	3,205
Dues and subscriptions	490	481	163	161			653	642
Website					5,988	24,221	5,988	24,221
Printing		49						49
Miscellaneous	436	195		45		45	436	285
<b>TOTAL EXPENSES</b>	<u>\$ 377,313</u>	<u>\$ 581,551</u>	<u>\$45,012</u>	<u>\$53,799</u>	<u>\$ 29,201</u>	<u>\$ 59,182</u>	<u>\$ 451,526</u>	<u>\$ 694,532</u>

*See accompanying notes.*

**FEED FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 149,389	\$ (205,536)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in certain assets:		
Contributions receivable	(86,227)	65,114
Increase (decrease) in certain liabilities:		
Accounts payable	(889)	5,001
Due to FEED Projects, LLC	<u>50,000</u>	
Net Cash Provided (Used) by Operating Activities	<u>112,273</u>	<u>(135,421)</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	112,273	(135,421)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>60,968</u>	<u>196,389</u>
End of Year	<u>\$ 173,241</u>	<u>\$ 60,968</u>

*See accompanying notes.*

# FEED FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2015 and 2014

### 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 of America. 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, 2015 and 2014.

- **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 of America.

**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.

**FEED Supper** represents contributions received to provide meals and/or better nutrition education to children and families across the United States of America and to support the World Food Program's efforts to provide nutritious school meals to children in 62 countries.

**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, 2015 and 2014 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 76% of the contributions receivable balance at December 31, 2015 is due from three contributors. Approximately 82% of the contributions receivable balance at December 31, 2014 is due from four 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 14% and 22% of the Foundation's total revenue and support for 2015 and 2014, respectively.

**Donated 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. Donated services totaling \$10,535 in 2015 and \$7,262 in 2014 have been reflected in the financial statements.

**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 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, 2015 and 2014.

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 2012.

**Reclassifications:** Certain amounts in the 2014 financial statements have been reclassified to conform to the presentation of the 2015 financial statements.

**Subsequent Events:** The Foundation has evaluated the financial statements for subsequent events occurring through November 8, 2016, 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 Foundation and Project are not under common control; therefore, the accounts of the Project have not been consolidated 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. At December 31, 2015, the Foundation owed the Project \$50,000 related to these reimbursable costs.

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 expensed \$6,000 for this lease during each of the years ended December 31, 2015 and 2014. At December 31, 2015 and 2014, the Foundation owed the Project \$6,000 related to the lease.

## NOTE 3 - FAIR VALUE MEASUREMENTS

The Foundation has categorized 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) and the lowest priority to unobservable inputs (Level 3). 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, 2015 and 2014.

**Money Market Fund Shares:** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2015 and 2014:

<b>2015</b>	<b>Level 1</b>	<b>Total</b>
<b>Assets</b>		
Cash equivalents:		
Money market fund shares	<u>\$28,205</u>	<u>\$28,205</u>
<b>2014</b>		
<b>Assets</b>		
Cash equivalents:		
Money market fund shares	<u>\$60,968</u>	<u>\$60,968</u>

At December 31, 2015 and 2014, 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, 2015 and 2014 consisted of the following:

	<b>2015</b>	<b>2014</b>
Use restriction:		
FEED USA		\$ 5,281
FEED NYC		10,388
WFP School Feeding	\$112,212	22,509
FEED Supper	<u>15,000</u>	<u>35,695</u>
 Total Temporarily Restricted Net Assets	 <u>\$127,212</u>	 <u>\$73,873</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, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
FEED USA	\$ 87,141	\$171,080
WFP School Feeding	22,509	42,568
FEED Africa		6,774
FEED Supper	250,383	146,341
FEED NYC	10,388	
UNICEF Tap Project		11,638
Other	<u>721</u>	<u>14,320</u>
 Total Net Assets Released from Restrictions	 <u>\$371,142</u>	 <u>\$392,721</u>