

Alliance to End Hunger

Financial Statements
and Independent Auditor's Report

December 31, 2022

(With Summarized Financial Information for December 31, 2021)

Alliance to End Hunger

Financial Statements

December 31, 2022

(With Summarized Financial Information for December 31, 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alliance to End Hunger

Opinion

We have audited the accompanying financial statements of Alliance to End Hunger (“Alliance”), which comprise the statement of financial position as of December 31, 2022; the related statements of activities, functional expenses, and cash flows for the year 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 Alliance as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alliance 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.

Responsibilities of Management for the Financial Statements (continued)

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 Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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, including omissions, 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 Alliance'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 Alliance's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Report on Summarized Comparative Information

We have previously audited Alliance's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2022. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
May 9, 2023

Alliance to End Hunger

Statement of Financial Position

December 31, 2022

(With Summarized Financial Information for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash	\$ 4,144,852	\$ 1,489,783
Contributions receivable	1,204,707	326,084
Prepaid expenses	<u>2,579</u>	<u>7,989</u>
Total current assets	5,352,138	1,823,856
Contributions receivable, long-term, net	<u>665,249</u>	<u>-</u>
Total assets	<u><u>\$ 6,017,387</u></u>	<u><u>\$ 1,823,856</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 120,310	\$ 575
Due to related party	549,860	163,673
Loan Payable – Paycheck Protection Program	<u>-</u>	<u>103,900</u>
Total liabilities	<u>670,170</u>	<u>268,148</u>
Net Assets		
Without donor restrictions	652,825	374,707
With donor restrictions	<u>4,694,392</u>	<u>1,181,001</u>
Total net assets	<u>5,347,217</u>	<u>1,555,708</u>
Total liabilities and net assets	<u><u>\$ 6,017,387</u></u>	<u><u>\$ 1,823,856</u></u>

See accompanying notes.

Alliance to End Hunger

Statement of Activities
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue and Support				
Contributions and memberships	\$ 761,841	\$ 319,500	\$ 1,081,341	\$ 821,162
Grants	137,727	5,284,359	5,422,086	763,553
Other income	103,900	-	103,900	103,900
Net assets released from restrictions	2,090,468	(2,090,468)	-	-
Total revenue and support	3,093,936	3,513,391	6,607,327	1,688,615
Expenses				
Program services:				
Public education	527,320	-	527,320	504,653
Hunger-Free Communities	41,541	-	41,541	65,256
National Alliance Partnerships	1,976,625	-	1,976,625	1,010,425
Total program services	2,545,486	-	2,545,486	1,580,334
Supporting services:				
Management and general	164,070	-	164,070	105,598
Fundraising	106,262	-	106,262	36,736
Total supporting services	270,332	-	270,332	142,334
Total expenses	2,815,818	-	2,815,818	1,722,668
Change in Net Assets	278,118	3,513,391	3,791,509	(34,053)
Net Assets, beginning of year	374,707	1,181,001	1,555,708	1,589,761
Net Assets, end of year	\$ 652,825	\$ 4,694,392	\$ 5,347,217	\$ 1,555,708

See accompanying notes.

Alliance to End Hunger

Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Program Services				Supporting Services			2022 Total	2021 Total
	Public Education	Hunger-Free Communities	National Alliance Partnerships	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 466,035	\$ 525	\$ 272,302	\$ 738,862	\$ 59,894	\$ 104,128	\$ 164,022	\$ 902,884	\$ 722,979
Facilities	10,589	-	72,618	83,207	31,711	2,134	33,845	117,052	110,991
Professional fees and contracts	16,053	26,555	1,347,431	1,390,039	37,888	-	37,888	1,427,927	751,251
Meetings and conferences	6,808	7,734	13,187	27,729	-	-	-	27,729	9,448
Travel	25,686	235	181,427	207,348	-	-	-	207,348	51,474
Grants	-	5,000	-	5,000	-	-	-	5,000	-
Computer services and supplies	2,149	-	6,506	8,655	-	-	-	8,655	14,260
Printing production and design	-	1,470	80,116	81,586	19,385	-	19,385	100,971	49,391
State registration fee	-	-	-	-	4,990	-	4,990	4,990	5,613
Bank service charge	-	-	2,241	2,241	6,718	-	6,718	8,959	6,135
Miscellaneous expense	-	22	797	819	105	-	105	924	374
Board expenses	-	-	-	-	-	-	-	-	350
Interest expense	-	-	-	-	3,379	-	3,379	3,379	402
Total Expenses	\$ 527,320	\$ 41,541	\$ 1,976,625	\$ 2,545,486	\$ 164,070	\$ 106,262	\$ 270,332	\$ 2,815,818	\$ 1,722,668

See accompanying notes.

Alliance to End Hunger

Statement of Cash Flows

For the Year Ended December 31, 2022

(With Summarized Financial Information for the Year Ended December 31, 2021)

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 3,791,509	\$ (34,053)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in discount on contributions receivable	28,073	-
Gain on forgiveness of loan payable – Paycheck Protection Program	(103,900)	(103,900)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(1,571,945)	382,750
Prepaid expenses	5,410	(4,215)
Increase in:		
Accounts payable and accrued expenses	119,735	575
Due to related party	386,187	130,307
Net cash provided by operating activities	2,655,069	371,464
Cash Flows from Financing Activity		
Proceeds from loan payable – Paycheck Protection Program	-	103,900
Net cash provided by financing activity	-	103,900
Net Increase in Cash	2,655,069	475,364
Cash, beginning of year	1,489,783	1,014,419
Cash, end of year	\$ 4,144,852	\$ 1,489,783

See accompanying notes.

Alliance to End Hunger

Notes to Financial Statements
December 31, 2022

1. Nature of Operations

Alliance to End Hunger (“Alliance”) was established to bring together businesses, religious bodies, charities, universities, and various other institutions and individuals to change the politics of hunger. Alliance members and staff actively recruit institutions to help build the public’s commitment to overcome hunger. Alliance helps its members and potential members contribute to the needed public commitment by sharing information and sparking new collaborations. These activities are funded primarily through contributions, memberships, and grants.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Alliance’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Alliance reports grants and contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period 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 a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions Receivable

Contributions receivable represent unconditional promises to give. Amounts to be collected more than a year after the statement of financial position date are recorded net of a present-value discount. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the promises are to be received. Alliance determines the allowance for doubtful accounts based on management’s judgment, considering historical information. At December 31, 2022, no allowance was recorded as management believes that all contributions receivable are fully collectible.

Alliance to End Hunger

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Alliance recognizes contributions (which includes grants) when cash, securities, or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Membership, which is nonrefundable, is made up entirely of a contribution element, which is recognized immediately.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Alliance's 2021 financial statements, from which the summarized information was derived.

Alliance to End Hunger

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, Alliance has evaluated events and transactions for potential recognition or disclosure through May 9, 2023, the date the financial statements were available to be issued.

3. Liquidity and Availability

Alliance strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Management periodically reviews Alliance's liquid asset needs and adjusts the cash balances as necessary. Amounts in excess of operating liquidity needs are invested in corporate and government bonds, and mutual funds.

The following table reflects Alliance's financial assets as of December 31, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2022:

Cash	\$	4,144,852
Contributions receivable, due in less than one year		1,204,707
Less: restricted by donors with purpose and time restrictions		<u>(4,694,392)</u>
Total available for general expenditures	\$	<u><u>655,167</u></u>

Alliance to End Hunger

Notes to Financial Statements
December 31, 2022

4. Concentration of Risks

Credit Risk

Financial instruments that potentially subject Alliance to significant concentrations of credit risk consist of cash. Alliance maintains cash deposit and transaction accounts with a financial institution and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). Alliance has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of the financial institution and believes that the risk of any credit loss is minimal.

Revenue Risk

For the year ended December 31, 2022, Alliance received 53% of its total revenue and support from one donor. Any significant reduction in this funding may adversely impact Alliance's financial position and its ability to carry out its program activities.

5. Contributions Receivable

Contributions receivable are due as follows at December 31, 2022:

Due in less than one year	\$ 1,204,707
Due in one to five years	<u>693,322</u>
Total contributions receivable	1,898,029
Less: present value discount (at 4.22%)	<u>(28,073)</u>
Contributions receivable, net	<u><u>\$ 1,869,956</u></u>

6. Loan Payable – Paycheck Protection Program

Alliance applied for loans under the Paycheck Protection Program (“the PPP loan”) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP loan is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which Alliance qualified. The PPP loan is subject to full forgiveness upon use of the funds for payroll and other eligible costs, and compliance with certain limitations on payroll and staffing reductions over a 24-week period.

Alliance to End Hunger

Notes to Financial Statements
December 31, 2022

6. Loan Payable – Paycheck Protection Program (continued)

The first PPP loan was granted to Alliance on May 8, 2020 in the amount of \$103,900. During the covered period, Alliance had incurred qualifying expenditures and had submitted a PPP loan forgiveness application on March 19, 2021. On April 2, 2021, the PPP loan forgiveness was approved for the full amount of the loan, and Alliance recognized a \$103,900 gain from forgiveness of the PPP loan for the year ended December 31, 2021.

The second PPP loan was granted to Alliance on April 20, 2021 in the amount of \$103,900. During the covered period, Alliance had incurred qualifying expenditures and had submitted a PPP loan forgiveness application on January 10, 2022. On February 22, 2022, the PPP loan forgiveness was approved for the full amount of the loan. For the year ended December 31, 2022, Alliance recognized a \$103,900 gain from forgiveness of the PPP loan, which is included in other income in the accompanying statement of activities.

7. Related Party Transactions

Alliance shares its premises and some administrative and program personnel with Bread for the World, Inc. (“Bread”) and Bread for the World Institute, Inc. (“the Institute”), organizations that are exempt from income tax under Sections 501(c)(4) and 501(c)(3) of the Internal Revenue Code (IRC), respectively. Costs are allocated between the entities based on actual expenses incurred and an overhead allocation, as described in the shared services agreement between the organizations. As of December 31, 2022, amounts due to Bread under this agreement totaled \$549,860. This amount is reflected as due to related party in the accompanying statement of financial position.

Alliance to End Hunger

Notes to Financial Statements
December 31, 2022

8. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31, 2022:

Subject to expenditure for specified purposes:	
Gates Foundation 2022	\$ 3,440,995
International Policy Association	266,071
New Venture	222,645
Expo Dubai 2020 LLC	206,573
Eleanor Crook Foundation	165,000
Kellogg – SDG2 Advocacy Hub	141,542
World Business Council for Sustainable Development	68,810
Rockefeller 2022	61,265
Open Society Foundation	34,468
Heinz	30,692
Meehan – Domestic Policy	25,627
Collaboration on food, health, and health security	21,000
International Fund for Agricultural Development	4,205
United Nations Oceans	999
Subject to the passage of time:	
Time restricted	<u>4,500</u>
Total net assets with donor restrictions	<u><u>\$ 4,694,392</u></u>

9. Retirement Plan

Alliance's employees participate in a defined-contribution retirement plan sponsored by Bread. An Alliance employee is eligible to participate in the plan when the employee has completed at least one year of service and has worked at least 1,000 hours. Employer contributions are discretionary and are computed as 8.6% of the participant's compensation, plus 4.3% of such compensation that exceeds 25% of the Social Security wage base (for 2022, the wage base was \$147,000). For the year ended December 31, 2022, Alliance recorded contributions to the plan totaling \$66,372.

Alliance to End Hunger

Notes to Financial Statements
December 31, 2022

10. Methods Used for Allocation of Expenses from Management and General Activities

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. The expenses that are allocated include facilities, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

11. Income Taxes

Alliance is exempt from the payment of income taxes on its exempt activities under IRC Section 501(c)(3). At December 31, 2022, no tax provision was made as Alliance had no significant unrelated business income. Management has evaluated Alliance's tax positions and concluded that there are no significant uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.