

Alliance to End Hunger

Financial Statements
and Independent Auditor's Report

December 31, 2023

(With Summarized Financial Information for December 31, 2022)

Alliance to End Hunger

Financial Statements

December 31, 2023

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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, 2023; 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, 2023, 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.

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.

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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2023. 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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, with a loop at the top. The rest of the text is written in a cursive, handwritten style.

Vienna, Virginia
May 7, 2024

Alliance to End Hunger

Statement of Financial Position

December 31, 2023

(With Summarized Financial Information for December 31, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash	\$ 3,266,522	\$ 4,144,852
Contributions receivable	895,088	1,204,707
Prepaid expenses	12,703	2,579
	<u>4,174,313</u>	<u>5,352,138</u>
Total current assets	4,174,313	5,352,138
Contributions receivable, long-term, net	<u>-</u>	<u>665,249</u>
Total assets	<u>\$ 4,174,313</u>	<u>\$ 6,017,387</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 7,912	\$ 120,310
Due to related party	183,792	549,860
	<u>191,704</u>	<u>670,170</u>
Total liabilities	191,704	670,170
Net Assets		
Without donor restrictions	481,260	652,825
With donor restrictions	3,501,349	4,694,392
	<u>3,982,609</u>	<u>5,347,217</u>
Total net assets	3,982,609	5,347,217
Total liabilities and net assets	<u>\$ 4,174,313</u>	<u>\$ 6,017,387</u>

See accompanying notes.

Alliance to End Hunger

Statement of Activities
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue and Support				
Contributions and memberships	\$ 708,663	\$ 294,300	\$ 1,002,963	\$ 1,081,341
Grants	145,574	1,018,819	1,164,393	5,422,086
Other income	-	-	-	103,900
Net assets released from restrictions	2,506,162	(2,506,162)	-	-
Total revenue and support	3,360,399	(1,193,043)	2,167,356	6,607,327
Expenses				
Program services:				
Public education	710,572	-	710,572	527,320
Hunger-Free Communities	72,375	-	72,375	41,541
National Alliance Partnerships	2,452,366	-	2,452,366	1,976,625
Total program services	3,235,313	-	3,235,313	2,545,486
Supporting services:				
Management and general	145,845	-	145,845	164,070
Fundraising	150,806	-	150,806	106,262
Total supporting services	296,651	-	296,651	270,332
Total expenses	3,531,964	-	3,531,964	2,815,818
Change in Net Assets	(171,565)	(1,193,043)	(1,364,608)	3,791,509
Net Assets, beginning of year	652,825	4,694,392	5,347,217	1,555,708
Net Assets, end of year	\$ 481,260	\$ 3,501,349	\$ 3,982,609	\$ 5,347,217

See accompanying notes.

Alliance to End Hunger

Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	Program Services				Supporting Services			2023 Total	2022 Total
	Public Education	Hunger-Free Communities	National Alliance Partnerships	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 580,245	\$ -	\$ 272,910	\$ 853,155	\$ 50,559	\$ 150,806	\$ 201,365	\$ 1,054,520	\$ 902,884
Facilities	-	-	156,363	156,363	20,431	-	20,431	176,794	117,052
Professional fees and contracts	65,057	60,643	1,489,513	1,615,213	41,116	-	41,116	1,656,329	1,427,927
Meetings and conferences	5,439	3,100	237,837	246,376	-	-	-	246,376	27,729
Travel	58,974	558	230,629	290,161	-	-	-	290,161	207,348
Grants	-	5,000	4,864	9,864	-	-	-	9,864	5,000
Computer services and supplies	857	-	8,789	9,646	-	-	-	9,646	8,655
Printing production and design	-	3,074	48,967	52,041	15,778	-	15,778	67,819	100,971
State registration fee	-	-	2,291	2,291	10,220	-	10,220	12,511	4,990
Bank service charge	-	-	203	203	285	-	285	488	8,959
Miscellaneous expense	-	-	-	-	1,446	-	1,446	1,446	924
Board expenses	-	-	-	-	5,712	-	5,712	5,712	-
Interest expense	-	-	-	-	298	-	298	298	3,379
Total Expenses	\$ 710,572	\$ 72,375	\$ 2,452,366	\$ 3,235,313	\$ 145,845	\$ 150,806	\$ 296,651	\$ 3,531,964	\$ 2,815,818

See accompanying notes.

Alliance to End Hunger

Statement of Cash Flows
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (1,364,608)	\$ 3,791,509
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in discount on contributions receivable	(28,073)	28,073
Gain on forgiveness of loan payable – Paycheck Protection Program	-	(103,900)
Change in operating assets and liabilities:		
Decrease (increase) in:		
Contributions receivable	1,002,941	(1,571,945)
Prepaid expenses	(10,124)	5,410
(Decrease) increase in:		
Accounts payable and accrued expenses	(112,398)	119,735
Due to related party	(366,068)	386,187
Net cash (used in) provided by operating activities	<u>(878,330)</u>	<u>2,655,069</u>
Net (Decrease) Increase in Cash	(878,330)	2,655,069
Cash, beginning of year	<u>4,144,852</u>	<u>1,489,783</u>
Cash, end of year	<u><u>\$ 3,266,522</u></u>	<u><u>\$ 4,144,852</u></u>

Alliance to End Hunger

Notes to Financial Statements
December 31, 2023

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.

Alliance to End Hunger

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Contributions receivable represent unconditional promises to give and are recorded at net realizable value. Should there be amounts expected to be collected more than a year after the statement of financial position date they would be recorded net of a present-value discount. The discounts on these amounts would be computed using risk free interest rates applicable to the period over which the promises are to be received, however, at December 31, 2023, all contributions receivable are expected to be collected within one year. Alliance determines the allowance for doubtful accounts based on management's judgment, considering historical information. At December 31, 2023, no allowance was recorded as management believes that all contributions receivable are fully collectible.

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.

Alliance to End Hunger

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

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 2022 financial statements, from which the summarized information was derived.

Subsequent Events

In preparing these financial statements, Alliance has evaluated events and transactions for potential recognition or disclosure through May 7, 2024, 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, 2023, 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, 2023:

Cash	\$ 3,266,522
Contributions receivable, due in less than one year	895,088
Less: restricted by donors with purpose and time restrictions	<u>(3,501,349)</u>
Total available for general expenditures	<u>\$ 660,261</u>

Alliance to End Hunger

Notes to Financial Statements
December 31, 2023

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, 2023, Alliance received 20% 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. 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, 2023, amounts due to Bread under this agreement totaled \$183,792. This amount is reflected as due to related party in the accompanying statement of financial position.

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Notes to Financial Statements
December 31, 2023

6. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31, 2023:

Subject to expenditure for specified purposes:	
Bush Brothers & Co	\$ 125,000
Expo2020	205,406
FAO	4,314
FAO 2022	1,678
FAO 2024	93,898
Gates Foundation 2022	2,183,874
Global Crop Diversity	8,068
Google LLC	34,062
IFAD	7,944
IFAD 2024	15,000
International Policy Association	168,170
Kellogg	141,543
Meehan Foundation-Polling	30,000
Meehan WIC	21,200
Save the Children	96,050
UAE	196,732
US Dry Beans Council	15,000
WBCSD	14,410
Subject to the passage of time:	
Time restricted	<u>139,000</u>
Total net assets with donor restrictions	<u><u>\$ 3,501,349</u></u>

7. 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 2023, the wage base was \$160,200). For the year ended December 31, 2023, Alliance recorded contributions to the plan totaling \$77,626.

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Notes to Financial Statements
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8. 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.

9. Income Taxes

Alliance is exempt from the payment of income taxes on its exempt activities under IRC Section 501(c)(3). At December 31, 2023, 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.