

Rise Against Hunger, Inc.

Report on Financial Statements

***For the year ended December 31, 2024
with comparative totals for 2023***

Rise Against Hunger, Inc.

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Independent Auditor's Report

To the Board of Directors
Rise Against Hunger, Inc.
Raleigh, North Carolina

Report on the Financial Statements

We have audited the financial statements of Rise Against Hunger, Inc. (a nonprofit organization) (the "Organization"), which comprise the Statements of Financial Position as of December 31, 2024 and 2023, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the results of its operations 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 (GAAS). 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are 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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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 Rise Against Hunger, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Raleigh, North Carolina
June 25, 2025

Rise Against Hunger, Inc.

Statements of Financial Position

As of December 31, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 12,346,413	\$ 8,088,209
Contributions receivable	2,099,700	70,812
Contributions receivable - related party	4,895	18,772
Accounts receivable	875,941	1,139,848
Affiliate receivable	33,513	122,617
Other receivables	258,455	356,759
Inventory		
Purchased	1,076,338	1,059,790
Donated	52,477	33,902
Prepaid expense	407,742	321,962
Total current assets	17,155,474	11,212,671
Lease right-of-use asset - operating leases, net	3,219,546	4,271,407
Lease right-of-use asset - finance leases, net	183,423	366,845
Property and equipment, net	266,716	292,584
Other assets		
Security deposits	137,299	137,299
Non-current portion of contributions receivable	2,000,000	-
Non-current portion of contributions receivable - related party	4,000	4,000
Total assets	\$ 22,966,458	\$ 16,284,806
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,931,475	\$ 1,785,679
Accrued payroll and payroll taxes	280,595	212,845
Deferred revenue	2,619,697	1,246,934
Security deposits	17,700	17,700
Current portion of lease liability - operating leases	1,336,357	1,361,240
Current portion of lease liability - finance leases	227,365	234,614
Total current liabilities	6,413,189	4,859,012
Long-term liabilities		
Non-current portion of lease liability - operating leases	2,079,226	3,083,489
Non-current portion of lease liability - finance leases	-	204,979
Total long-term liabilities	2,079,226	3,288,468
Total liabilities	8,492,415	8,147,480
Net assets		
Without donor restrictions	7,838,336	6,324,599
With donor restrictions	6,635,707	1,812,727
Total net assets	14,474,043	8,137,326
Total liabilities and net assets	\$ 22,966,458	\$ 16,284,806

See Notes to Financial Statements

Rise Against Hunger, Inc.

Statements of Activities

For the year ended December 31, 2024 with summarized financial information for the year ended December 31, 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues				
Meal packaging income	\$ 17,457,768	\$ -	\$ 17,457,768	\$ 16,247,607
Grants and contributions	7,291,790	8,269,682	15,561,472	10,958,912
Rent income	245,197	-	245,197	232,596
Donated inventory	60,702,028	-	60,702,028	43,587,939
Donated rent	-	-	-	23,786
Donated services	196,519	-	196,519	161,752
Interest and dividends	497,437	-	497,437	264,712
Gain (Loss) on sale of equipment	1,000	-	1,000	(590)
Net assets released from restrictions	3,446,702	(3,446,702)	-	-
Total support and revenues	89,838,441	4,822,980	94,661,421	71,476,714
Expenses				
Program services	82,935,751	-	82,935,751	65,708,699
Management and general	4,066,600	-	4,066,600	3,484,752
Fundraising activities	1,322,353	-	1,322,353	1,937,777
Total expenses	88,324,704	-	88,324,704	71,131,228
Changes in net assets from operations	1,513,737	4,822,980	6,336,717	345,486
Net assets at beginning of year	6,324,599	1,812,727	8,137,326	7,791,840
Net assets at end of year	\$ 7,838,336	\$ 6,635,707	\$ 14,474,043	\$ 8,137,326

See Notes to Financial Statements

Rise Against Hunger, Inc.**Statements of Functional Expenses****For the year ended December 31, 2024 with summarized financial information for the year ended December 31, 2023**

	2024			2023
	Program Services	Management and General	Fundraising Activities	Total
Meal packaging program	\$ 6,233,412	\$ -	\$ -	\$ 6,233,412
Grants to others	-	-	413,357	413,357
Distributed donated inventory	60,683,453	-	-	60,683,453
International meals - affiliates	2,436,886	-	-	2,436,886
Program services - other	2,961,228	-	-	2,961,228
Salaries	6,244,954	1,602,768	496,829	8,344,551
Payroll taxes and benefits	1,221,612	299,223	83,534	1,604,369
Operating lease expense	1,385,211	-	-	1,385,211
Retirement	162,026	40,639	14,559	217,224
Finance lease expense	418,037	-	-	418,037
Other rent	142,132	-	-	142,132
Printing and reproduction	84,279	75,709	18,509	178,497
Marketing, public relations and advertising	-	267,455	102,519	369,974
Bank service charges and interest	-	143,512	-	143,512
Amortization	183,422	-	-	183,422
Depreciation	98,382	22,786	-	121,168
Dues and subscriptions	5,392	4,959	1,600	11,951
Insurance	-	404,784	-	404,784
Professional fees	27,634	550,101	146,619	724,354
Office supplies	72,608	3,126	818	76,552
Licenses and permits	286	-	-	286
Repairs and maintenance	167,649	-	-	167,649
Telephone and internet	-	4,964	-	4,964
Travel	375,639	58,867	41,147	475,653
Meetings and training	2,650	170,681	158	173,489
Postage	6,472	9,940	2,704	19,116
Information technology	-	407,086	-	407,086
Finance lease interest	22,387	-	-	22,387
Total expenses	<u>\$ 82,935,751</u>	<u>\$ 4,066,600</u>	<u>\$ 1,322,353</u>	<u>\$ 88,324,704</u>
				<u>\$ 71,131,228</u>

See Notes to Financial Statements

Rise Against Hunger, Inc.

Statements of Cash Flows

For the years ended December 31, 2024 with summarized financial information for the year ended December 31, 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 6,336,717	\$ 345,486
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	304,590	272,793
Loss (Gain) on sale/disposal of equipment	(1,000)	590
Donated inventory	(60,702,028)	(43,587,939)
Distributed donated inventory	60,683,453	44,562,417
Lease liability - operating leases	(1,029,146)	1,245,585
Lease right-of-use asset - operating leases, net	1,051,861	(1,225,419)
(Increase) decrease in assets:		
Contributions receivable	(4,028,888)	1,244,189
Contribution receivable - related party	13,877	-
Accounts receivable	263,907	33,979
Purchased inventory	(16,548)	(262,487)
Prepaid expenses	(85,780)	(88,021)
Affiliate receivable	89,104	(54,064)
Other receivables	98,304	(166,338)
Deposits	-	(38,765)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	145,796	1,048,484
Accrued payroll and payroll taxes	67,750	(288,234)
Deferred revenue	1,372,763	(637,291)
Net cash provided by operating activities	4,564,732	2,404,965
Cash flows from investing activities:		
Purchases of equipment	(94,300)	(243,408)
Net cash used in investing activities	(94,300)	(243,408)
Cash flows from financing activities:		
Lease liability - finance lease	(212,228)	(185,003)
Net cash used in financing activities	(212,228)	(185,003)
Net increase in cash and cash equivalents	4,258,204	1,976,554
Cash and cash equivalents at beginning of the year	8,088,209	6,111,655
Cash and cash equivalents at end of the year	<u>\$ 12,346,413</u>	<u>\$ 8,088,209</u>

See Notes to Financial Statements

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1. Nature of Activities and Significant Policies

Nature of activities:

Rise Against Hunger, Inc. (the "Organization") is a non-profit international hunger relief organization that is driven by a vision of a world without hunger, and a mission to end hunger in our lifetime by providing food and life changing aid to the world's most vulnerable and by creating a global commitment to mobilize the necessary resources.

The Organization accomplishes its mission by distributing nutritious meals to recipients around the world, involving volunteers around the world in the movement to end hunger through its meal packaging program, procuring and donating in-kind aid that is distributed to those in need, and providing funding and technical support for projects that support sustainable community development and build capacity among impact partner organizations.

The Organization's popular community-supported meal packaging events are ideal for corporate social responsibility or volunteer service projects for community leaders and volunteers from local corporations, faith congregations, schools, colleges and universities, and civic organizations who package high-protein, highly nutritious meals.

The Organization is expanding its meal packaging program to further the movement to end hunger, which will not grow without reaching more people who want to make a difference, engaging them in hands-on service and empowering them to do more.

The Organization has engaged people around the world to end hunger through the formation of independent non-governmental organization ("NGO") affiliates. In 2024, Rise Against Hunger had affiliates in South Africa, Italy, the Philippines, Malaysia and India. Organization affiliates have access to Rise Against Hunger knowhow, branding, and operational support.

In addition to being incorporated locally, international affiliates are managed by local Boards of Directors and local employees, utilize locally procured ingredients for the meal packaging program, and are supported primarily through local contributions and volunteer support.

The Organization also sends essential aid appropriate for hospitals and clinics in impoverished communities, school and orphanage feeding programs, and disaster relief to supplement the meal donations to partners in developing countries. Donated products include medicine, medical supplies, equipment, soap, and vitamins that can prevent the spread of disease and greatly improve the lives of those receiving them. The Organization receives these essential supplies through bulk donations of new goods from corporations, charitable partners and private donors.

In 2024, the Organization shipped more than \$60 million of in-kind aid, primarily in the form of vitamins and medical supplies. Many disadvantaged people throughout the world struggle with food insecurity due to limited local government support, growing populations and poor agricultural production. The Organization is dedicated to creating long-term impact by implementing sustainable development programs in vulnerable communities. The Organization's strategies focus on agriculture, health and nutrition and vocational education opportunities.

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1. Nature of Activities and Significant Policies, Continued

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net assets:

The Organization's net assets are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time (that is, when a stipulated time restriction ends or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue recognition:

Grants and contributions received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. Meal packaging revenue is recognized once an event has been supplied and hosted by the Organization.

Donated inventory (consisting of medicines, medical supplies, and other supplies) is recorded as inventory and contribution revenue at its estimated fair value at the date received, taking into consideration inventory condition and utility for use. All donated inventory is received from private organizations and is considered to be unrestricted support unless the inventory explicitly contains donor restrictions. The Organization only records the value of donated inventory in which they were either the original recipient of the gift, were involved in partnership with another organization for distribution internationally, or used in the Organization's programs.

In general, the Organization values donated medicine and supplies at its estimated fair value based on third party published data including the Wholesale Acquisition Cost (WAC), which is representative of fair market value and recognized as industry standard.

All revenues accounted for under ASU 606 are recognized at a point in time.

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1. Nature of Activities and Significant Policies, Continued

Deferred revenues:

Deferred revenues consist of contract liabilities arising from deposits on meal packaging events that have not occurred at year-end. The following table presents the beginning and ending balances of contract liabilities as of December 31:

	<u>2024</u>	<u>2023</u>
Contract liabilities beginning as of January 1	\$ 1,246,934	\$ 1,884,225
Revenue recognized for performance obligations completed during the year	(7,492,567)	(8,683,613)
Revenues deferred until performance obligations are completed	<u>8,865,330</u>	<u>8,046,322</u>
Contract liabilities as of December 31	<u>\$ 2,619,697</u>	<u>\$ 1,246,934</u>

Contributions receivable:

Contributions receivable are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved. Related party contributions receivable are made up of promises to give by employees and board members. Management has deemed all amounts fully collectible, and has not established an allowance.

Cash and cash equivalents:

The Organization considers all interest-bearing investments due on demand and all debt instruments purchased with a maturity of three months or less to be cash equivalents.

Availability of funds for general expenditures:

The Organization has certain net assets that are available for general expenditures within one year of December 31, 2024 and 2023 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (See Note 2).

Concentration of credit risks:

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. Interest-bearing amounts on deposit in excess of federally insured limits as of December 31, 2024 and 2023 were \$11,844,912 and \$7,587,657, respectively.

The Organization's meal packaging program produces individual meals consisting of rice, soy, dried vegetables, flavoring, and 21 essential vitamins and minerals. These raw materials are subject to global commodity price fluctuations. The Organization's ability to maintain or expand its meal packaging program is dependent upon the Organization's ability to provide these raw materials at economically favorable prices.

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1. Nature of Activities and Significant Policies, Continued

Concentration of credit risks, continued:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivables. The Organization's accounts receivables consist primarily of amounts due from business entities as well as religious and civic organizations. As of December 31, 2024, 79% of accounts receivables pertained to business entities and 21% related to religious and civic organizations. As of December 31, 2023, 78% of trade receivables pertained to business entities and 22% related to religious and civic organizations. The following table represents donors representing more than 10% of accounts receivable at December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
<u>Donor</u>	<u>Accounts Receivable</u>	<u>Accounts Receivable</u>
A	31%	51%

Donated services:

Donated services are recognized as contributions in accordance with applicable accounting standards if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. These services are valued based on what would be paid for similar services if purchased.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's program services. The financial statements do not recognize the value of these donated services as such services do not meet the recognition requirements under applicable accounting standards.

Contributed nonfinancial assets:

Donated marketable securities and other non-cash donations, including property and equipment, are recorded as contributions at their estimated fair values at the date of donation. As of December 31, 2024 and 2023, management has determined that no impairment or decrease below market value has occurred for the donated assets. The Organization receives donations of food, medicine, and supplies for use in relief and development programs; these items are recognized at the estimated fair market value based on current economic factors.

Accounts receivable and allowance for credit losses:

The allowance for credit losses is the Organization's best estimate of the amount of probable credit losses in the Company's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in operating expense.

Note 1. Nature of Activities and Significant Policies, Continued

Accounts receivable and allowance for credit losses, continued:

Estimating credit losses based on risk characteristics requires significant judgment by the Organization. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Organization's financial assets, the specifics of each receivable and the level of reliance on historical experience in light of economic conditions, as well as the estimated future economic conditions that could impact the assets. The Organization reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business, and the estimated life of its financial assets.

Accounts receivable reflected on the Statement of Financial Position are expected to be received within one year and are generated from meal packaging events. The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for possible credit losses is deemed necessary as of December 31, 2024 and 2023.

Inventory:

Inventories primarily consist of raw materials used in conjunction with the Organization's meal packaging program and donated in-kind supplies. Meal packaging inventories are valued at the lower of cost (first-in, first-out) or net realizable value.

Contributed nonfinancial assets are recorded and carried in inventory at their estimated fair market value at date of donation based on current economic factors.

As of December 31, 2024 and 2023, management has determined that no allowance for obsolete inventory is required.

Property and equipment:

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at date of donation.

Depreciation of property and equipment is provided for on the straight-line method over the following useful lives:

Office furniture and equipment	3-5 years
Warehouse equipment and vehicles	5-10 years
Leasehold improvements	2-5 years

Shipping costs:

The Organization incurs shipping and handling costs when transporting the packaged meals overseas. The Organization's shipping and handling costs are substantially paid by the Organization's impact partners; the remainder is included in program services expense.

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1. Nature of Activities and Significant Policies, Continued

Accounting estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income tax status:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Applicable accounting standards prescribe a comprehensive model for how organizations should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. The Organization did not have any uncertain tax positions.

The tax years from 2019 through 2024, are subject to examination by the Internal Revenue Service. The Organization is currently not under any federal or state audits. There were no interest or penalties for the years ended and the Organization's policy is to expense interest and penalties, if any, to income tax expense as incurred. The Organization does not expect any material changes in unrecognized tax benefits in the next twelve months. The Organization has no unrecognized tax benefits as of December 31, 2024 and 2023.

Reclassifications:

Certain amounts in the 2023 summarized financial information have been reclassified to conform to the 2024 presentation.

Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses of the Organization include:

Program service expenses - Program expenses include: meal packaging expenses, global impact services, and emergency relief projects.

Management and general expenses - Management and general expenses include the general, administrative, and operating costs of the Organization.

Fundraising activities expenses - These expenses include direct and indirect activities undertaken to solicit contributions from donors.

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1. Nature of Activities and Significant Policies, Continued

Expense allocation, continued:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated and the method of allocation include:

<u>Expense Type</u>	<u>Method of Allocation</u>
Salaries, taxes, and benefits	Time and effort
Rent	Warehouses to programs
Marketing, public relations, and advertising	Fundraising related to fundraising; remaining to management/general
Meetings and trainings	Cultivation events and impact trips to fundraising; organizational retreat to management/general, remaining by salary allocation
Professional fees	Direct costs to programs; fundraising related to fundraising; remaining to management/general
Depreciation	Allocated by use between programs, fundraising, and management/general
Repairs and maintenance	Allocated by use between programs, fundraising and management/general
Office supplies	Direct costs to programs; remaining allocated by use to fundraising and management/general
Dues and subscriptions	Direct costs to programs; fundraising related to fundraising; remaining to management/general
Information technology	Direct costs to programs; fundraising related to fundraising; remaining to management/general
Travel	Based on employee payroll allocation
Postage	Direct costs to programs; fundraising materials to fundraising remaining to management/general
Printing and reproduction	Direct costs to programs; fundraising materials to fundraising; remaining to management/general
Bank service charges and interest	Bank service charges to management/general; interest to program

Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 25, 2025, the date the financial statements were available to be issued.

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 2. Availability and Liquidity

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Statement of Financial Position date of December 31, 2024 and 2023, are comprised of the following:

	<u>2024</u>	<u>2023</u>
Total assets at year end	\$ 22,966,458	\$ 16,284,806
Less amounts not available to be used within one year due to illiquidity:		
Food inventories	(1,128,815)	(1,093,692)
Prepaid expenses	(407,742)	(321,962)
Lease right-of-use asset - operating leases, net	(3,219,546)	(4,271,407)
Lease right-of-use asset - finance leases, net	(183,423)	(366,845)
Property and equipment, net	(266,716)	(292,584)
Deposits	(137,299)	(137,299)
Non-current portion of contributions receivable	(2,004,000)	(4,000)
	<u>(7,347,541)</u>	<u>(6,487,789)</u>
Less amounts not available to be used within one year due to donor imposed restrictions	<u>(6,635,707)</u>	<u>(1,812,727)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 8,983,210</u>	<u>\$ 7,984,290</u>

As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Organization invests excess cash in short-term investments, including certificate of deposits with maturity of a year or less, and has the ability to redeem certain investments as necessary to meet its obligations.

Note 3. Contributions Receivable

Contributions receivable are as follows at December 31:

	<u>2024</u>	<u>2023</u>
Contributions receivable	\$ 4,099,700	\$ 70,812
Less current portion	<u>2,099,700</u>	<u>70,812</u>
Contributions due after one year	<u>\$ 2,000,000</u>	<u>\$ -</u>

Contributions receivable - related party are as follows at December 31:

	<u>2024</u>	<u>2023</u>
Contributions receivable – related party	\$ 8,895	\$ 22,772
Less current portion	<u>4,895</u>	<u>18,772</u>
Contributions – related party due after one year	<u>\$ 4,000</u>	<u>\$ 4,000</u>

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 4. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Office furniture and equipment	\$ 101,068	\$ 78,689
Warehouse equipment and vehicles	427,868	360,689
Leasehold improvements	<u>393,220</u>	<u>387,380</u>
Total fixed assets	922,156	826,758
Less accumulated depreciation	<u>(655,440)</u>	<u>(534,174)</u>
	<u>\$ 266,716</u>	<u>\$ 292,584</u>

Depreciation charged to operations was \$121,168 and \$119,834 in 2024 and 2023, respectively.

Note 5. Operating Leases

The Organization is obligated under various operating warehouse leases. The term for these leases vary between 36 and 84 months and end between July 1, 2025 and December 31, 2029. Remaining lease terms vary between 15 and 60 months. The discount rate of the operating leases at December 31, 2024 was 5%. Lease payments under these agreements totaled \$1,361,240 and \$1,241,004 for the years ended December 31, 2024 and 2023, respectively.

Future minimum rental commitments under the leases at December 31, 2024 were as follows:

2025	\$ 1,336,357
2026	1,121,624
2027	896,706
2028	<u>314,801</u>
Total lease payment	3,669,488
Less: imputed interest	<u>(253,905)</u>
Present value of future minimum lease payments	<u>\$ 3,415,583</u>

Note 6. Finance Leases

The Organization is also obligated under agreements for several box trucks used to transport inventory expiring in 2025. The remaining lease term for the finance leases as of December 31, 2024 was 12 months. The discount rates for finance leases at December 31, 2024 were between 6.67% and 7.10%. The leases provide that the Organization will pay property taxes, insurance, and maintenance during the lease term. The Organization's finance leases do not contain any material restrictive covenants or residual value guarantees.

Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. Fixed lease expense under these agreements totaled \$418,037 for the years ended December 31, 2024 and 2023, and is included in the statements of functional expense.

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 6. Finance Leases, Continued

The components of lease expense for the year ending December 31, 2024 were as follows:

Finance lease cost	\$ 212,228
Finance lease cost - amortization of right-of-use assets	183,422
Finance lease cost - interest on lease liabilities	<u>22,387</u>
	<u>\$ 418,037</u>

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease obligations represent the Organization's obligation to make lease payments arising from the lease. Lease obligations are recognized at the commencement date based on the present value of lease payments over the lease term. Right-of-use assets are recognized at the commencement date as the initial measurement of the lease liability, plus payments made prior to lease commencement and any initial direct costs.

Future minimum lease payments at December 31, 2024 were as follows:

2025	<u>\$ 234,614</u>
Total lease payment	234,614
Less: imputed interest	<u>(7,249)</u>
Present value of future minimum lease payments	<u>\$ 227,365</u>

The leased equipment held under finance leases had a cost \$1,292,746 as of December 31, 2024 and 2023. Accumulated amortization related to these assets was \$1,109,323 and \$925,901 as of December 31, 2024 and 2023, respectively. Total amortization charged to operations in regard to this lease was \$183,422 and \$152,959 in 2024 and 2023, respectively. Interest expense for the years ended December 31, 2024 and 2023 was \$22,387 and \$36,517 respectively.

Note 7. Line of Credit

In November 2019, the Organization renewed an agreement with a financial institution for a line of credit up to \$500,000 bearing interest at the greater of a floating rate equal to the Prime Rate (7.5% as of December 31, 2024) plus 0.750% or the Floor Rate (5.00%). The line is secured by equipment, inventory, accounts receivable, and other rights to payment. The Organization had no outstanding balance as of December 31, 2024 and 2023.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2024</u>	<u>2023</u>
Emergency Relief Funding	\$ -	\$ 305,566
Corporate Donor Grant for Meal Packaging Events	1,208,103	1,284,787
W A S H (Water Sanitation & Hygiene) fund	16,049	16,049
Agricultural Projects & Empowering Communities	5,249,740	39,510
Nourishing Lives Pathway	<u>166,815</u>	<u>166,815</u>
	<u>\$ 6,635,707</u>	<u>\$ 1,812,727</u>

Rise Against Hunger, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 8. Net Assets with Donor Restrictions, Continued

The following is a summary of net assets which were released from donor restrictions by incurring expenses which satisfied the donor specified restrictions for the year ended December 31:

	<u>2024</u>	<u>2023</u>
Corporate Donor Grant for Meal Packaging Events	\$ 1,231,543	\$ 1,728,409
Emergency Relief Funding	504,325	1,140,748
Agriculture Projects & Empowering Communities	<u>1,710,834</u>	<u>1,301,957</u>
	<u>\$ 3,446,702</u>	<u>\$ 4,171,114</u>

Note 9. Contributed Nonfinancial Assets

The Organization receives donations of food, medicine, and supplies for use in relief and development programs. The Organization ships all such gifts-in-kind either directly to in-country partners or to similar non-profit organizations for ultimate distribution. As soon as feasible following transfer of ownership to the Organization, these in-kind contributions are shipped to third parties in support of international relief efforts.

In accordance with U.S. generally accepted accounting principles, the Organization only records the value of gifts-in-kind for which it receives and exercises variance power, which is the discretion to distribute or redistribute the commodity without the donor's prior consent in accordance with its mission and purpose. Items are valued at their estimated fair value based on current economic factors.

During 2024 and 2023, the Organization received and distributed in-kind contributions of medicine and supplies as set forth below:

	<u>2024</u>	<u>2023</u>
Donated inventory, beginning	\$ 33,902	\$ 1,008,379
Gift-in-kind inventory donations	60,702,028	43,587,939
Gift-in-kind inventory distributed	<u>(60,683,453)</u>	<u>(44,562,416)</u>
Donated inventory, ending	<u>\$ 52,477</u>	<u>\$ 33,902</u>

Note 10. Retirement Plan

During 2018, the Organization transitioned from a simplified employee pension plan to a 403(b) retirement plan for the benefit of all its employees who are over age 21, have completed one year of service, and work more than 20 hours per week. The amount of the contribution to the plan is determined annually by the Board of Directors. Employer contributions during the years ended December 31, 2024 and 2023 were \$217,224 and \$211,812, respectively.

Note 11. Marketing, Public Relations and Advertising

The Organization used brochures, posters and press releases to promote its programs among the audience it serves. The costs of these promotional materials are expensed the first time the promotion takes place. During the years ended December 31, 2024 and 2023, marketing, public relations and advertising expense was \$369,974 and \$317,737, respectively.