

HUNGER RELIEF INTERNATIONAL INC.

**Financial Statements
December 31, 2017**

The report accompanying these financial statements was issued by Spire Group, PC, a New Jersey Professional Corporation.

HUNGER RELIEF INTERNATIONAL INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hunger Relief International Inc.
Oklahoma City, OK

Report on the Financial Statements

We have audited the accompanying financial statements of Hunger Relief International Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expense and cash flows for the year 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 audit. We conducted our audit 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 auditor considers 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 Hunger Relief International Inc. as of December 31, 2017, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Spire Group, PC

Clark, New Jersey
July 17, 2018

HUNGER RELIEF INTERNATIONAL INC.

**Statement of Financial Position
December 31, 2017**

Assets

Cash	\$	71,943
Property and equipment – net		<u>35,322</u>

Total Assets	\$	<u>107,265</u>
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Liabilities

Accounts payable and accrued expenses	\$	19,921
Vehicle loan		<u>4,250</u>

Total Liabilities		<u>24,171</u>
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Net Assets

Unrestricted net assets		67,683
Temporary restricted net assets		<u>15,411</u>

Total Net Assets		<u>83,094</u>
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Total Liabilities and Net Assets	\$	<u>107,265</u>
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See accompanying notes.

HUNGER RELIEF INTERNATIONAL INC.**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Support	\$ 906,635	\$ 15,411	\$ 922,046
Other income	61	-	61
Net assets released from restriction due to satisfaction of time and purpose restrictions	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>
Total Revenues	<u>912,696</u>	<u>9,411</u>	<u>922,107</u>
Expenses			
Program services	834,209	-	834,209
Management and general	82,635	-	82,635
Fundraising	<u>38,518</u>	<u>-</u>	<u>38,518</u>
Total Expenses	<u>955,362</u>	<u>-</u>	<u>955,362</u>
Change in Net Assets	(42,666)	9,411	(33,255)
Net Assets – Beginning of Year	<u>110,349</u>	<u>6,000</u>	<u>116,349</u>
Net Assets – End of Year	\$ <u><u>67,683</u></u>	\$ <u><u>15,411</u></u>	\$ <u><u>83,094</u></u>

See accompanying notes.

HUNGER RELIEF INTERNATIONAL INC.**Statement of Functional Expenses
For the Year Ended December 31, 2017**

	Program Services	Management and General	Fundraising	Total
Compensation and Related Expenses				
Salaries and wages	\$ 71,760	\$ 3,120	\$ 3,120	\$ 78,000
Payroll taxes	5,547	241	241	6,029
Employee benefits	2,810	27	27	2,864
Total Compensation and Related Expenses	<u>80,117</u>	<u>3,388</u>	<u>3,388</u>	<u>86,893</u>
Other Functional Expense				
Direct program costs	708,773	-	-	708,773
Travel and meetings	12,183	148	1,032	13,363
Professional fees	-	36,485	13,625	50,110
Site expense	22,827	-	-	22,827
Office administration	-	41,768	-	41,768
Fundraising	-	-	20,473	20,473
Depreciation	10,309	846	-	11,155
Total Other Functional Expenses	<u>754,092</u>	<u>79,247</u>	<u>35,130</u>	<u>868,469</u>
Total Functional Expenses	<u>\$ 834,209</u>	<u>\$ 82,635</u>	<u>\$ 38,518</u>	<u>\$ 955,362</u>

See accompanying notes.

HUNGER RELIEF INTERNATIONAL INC.

Statement of Cash Flows For the Year Ended December 31, 2017

Cash Flows from Operating Activities	
Change in net assets	\$ (33,255)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation and amortization	11,155
Increase (decrease) in operating liabilities	
Accounts payable and accrued expense	<u>(1,468)</u>
Net Cash Used by Operating Activities	<u>(23,568)</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	<u>(17,000)</u>
Net Cash Used in Investing Activities	<u>(17,000)</u>
Cash Flows from Financing Activities	
Repayment on auto loan	(4,250)
Proceeds from auto loan	<u>8,500</u>
Net Cash Provided by Financing Activities	<u>4,250</u>
Change in Cash	<u>(36,318)</u>
Cash - Beginning of Year	<u>108,261</u>
Cash - End of Year	<u>\$ 71,943</u>

See accompanying notes.

HUNGER RELIEF INTERNATIONAL INC.

Notes to Financial Statements December 31, 2017

Note 1 - Organization

Hunger Relief International Inc. (the "Organization") is a not-for-profit organization, incorporated in the State of Oklahoma in April of 2010. The Organization is a Christian relief and development organization working in partnership with local communities to alleviate the impact of hunger on the lives of malnourished children and their families as a first step in a long-term strategy to achieve family and community self-sufficiency. The principal office is located in Oklahoma City, Oklahoma with program operations in Haiti and Guatemala.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting.

Classification of Net Assets

Unrestricted net assets represent the Organization's net assets that are available for its general operations.

Temporary restricted net assets have donor imposed restrictions that permit the Organization to use up or expend the donated assets as specified and the restriction is satisfied either by the passage of time or by actions of the Organization.

Permanently restricted net assets have donor imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of the Organization. There are no permanently restricted net assets.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a temporary restriction expires or is satisfied, temporarily restricted net assets are then reclassified to unrestricted net assets. Temporarily restricted contributions received and satisfied in the same year are recorded as unrestricted net assets in that year.

Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Property, Equipment and Intangible Assets

The Organization capitalizes all vehicles, equipment, furniture and fixtures with a cost over \$1,000 and a useful life of more than one year. Property and equipment are capitalized at cost if purchased, fair value of donated. Property and equipment are depreciated using the straight-line method over their estimated useful lives:

	<u>Years</u>
New Vehicles	7
Used Vehicles	3
Computers	3

HUNGER RELIEF INTERNATIONAL INC.

Notes to Financial Statements December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Functional Expenses

Direct expenses are charged to the program services or management and general categories, based on specific identification. Compensation related expenses have been allocated according to specific identification of staff roles within the Organization. Other indirect expenses have been allocated based on approximate use.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2017.

The Organization's exempt from federal income tax returns are no longer subject to examination by federal taxing authorities for the years before 2014.

Cash and Cash Equivalents

For purposes of the cash flows statement, cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within 90 days of purchase.

Subsequent Events

The Organization has evaluated all subsequent events through July 17, 2018, the date these financial statements were available to be issued.

Note 3 - Concentration of Credit Risk

At various times during the year, the Organization's cash held in bank accounts may exceed the federally insured limits. At December 31, 2017, the Organization did not have any uninsured cash.

Note 4 - Property and Equipment

At December 31, 2017 and 2016, property and equipment, net consisted of the following:

	<u>2017</u>
Vehicles	\$ 49,500
Furniture, fixtures and equipment	<u>2,941</u>
Total property and equipment	<u>52,441</u>
Less: accumulated depreciation	<u>(17,119)</u>
Net	<u>\$ 35,322</u>

Depreciation expense for the year ended December 31, 2017, was \$11,155.

HUNGER RELIEF INTERNATIONAL INC.

Notes to Financial Statements December 31, 2017

Note 5 - Commitment

Auto Purchase Agreement

In June of 2017, the Organization entered into a purchase agreement in Haiti for a used automobile. The agreement consists of an initial payment of \$8,500, with additional monthly payments of \$1,062 over 8 months. There is no interest included in the payments. The balance due at December 31, 2017 is \$4,250.

Note 6 - Revenue Concentration

For the year ended December 31, 2017, the Organization received approximately 36% of revenue from one donor.

Note 7 - Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>
Loving Arms	\$ 161
Dormitories	15,000
Scholarships	<u>250</u>
Temporarily restricted net assets	<u>\$ 15,411</u>