



**FOOD FOR
THE HUNGRY**

FOOD FOR THE HUNGRY
Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2016
(with comparative totals for 2015)

FOOD FOR THE HUNGRY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Food for the Hungry
Phoenix, Arizona

We have audited the accompanying consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc., which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Food for the Hungry
Phoenix, Arizona

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc., as of September 30, 2016, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2015 and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Capin Crouse LLP

Colorado Springs, Colorado
February 10, 2017

FOOD FOR THE HUNGRY

Consolidated Statement of Activities

(with comparative totals for 2015)

	Year Ended September 30,				2015
	2016			Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT, REVENUE, AND OTHER:					
Cash contributions:					
Non-U.S. National Organizations	\$ 224,161	\$ 2,690,938	\$ -	\$ 2,915,099	\$ 2,996,699
Other governments	-	5,640,354	-	5,640,354	7,098,084
Other cash contributions	3,893,599	45,023,338	-	48,916,937	37,960,990
U.S. government grants	41,254,784	-	-	41,254,784	26,030,426
Investment income (loss)	167,152	-	-	167,152	(13,098)
Change in value of annuities	(36,394)	-	-	(36,394)	(72,745)
Other income (loss)	(142,571)	-	-	(142,571)	545,764
Noncash support and revenue:					
Contributed services	-	-	-	-	-
U.S. government commodities donated for distribution	22,753,429	-	-	22,753,429	10,783,172
Other donated commodities	7,251,340	-	-	7,251,340	14,456,578
Net assets released from restrictions	51,821,419	(51,821,419)	-	-	-
Total Support, Revenue, and Other	127,186,919	1,533,211	-	128,720,130	99,785,870
EXPENSES:					
Program ministries:					
Direct relief and development activities	102,547,876	-	-	102,547,876	79,351,471
Grants and contracts to other organizations	1,362,046	-	-	1,362,046	2,748,996
	103,909,922	-	-	103,909,922	82,100,467
Supporting services:					
Fund-raising	15,354,455	-	-	15,354,455	11,087,076
General and administrative	4,967,589	-	-	4,967,589	6,008,904
	20,322,044	-	-	20,322,044	17,095,980
Total Expenses	124,231,966	-	-	124,231,966	99,196,447
Change in Net Assets	2,954,953	1,533,211	-	4,488,164	589,423
Net Assets, Beginning of Year	956,481	8,730,044	500,000	10,186,525	9,597,102
Net Assets, End of Year	\$ 3,911,434	\$ 10,263,255	\$ 500,000	\$ 14,674,689	\$ 10,186,525

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Cash Flows (with comparative totals for 2015)

	Year Ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,488,164	\$ 589,423
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	482,412	615,498
Noncash stock gifts	59,466	-
Net realized and unrealized losses (gains) on investments	(117,909)	65,995
Changes in operating assets and liabilities:		
Grant and other receivables and grants payable	50,435	567,400
Prepaid expenses and other assets	(1,363,859)	(204,934)
Accounts payable, accrued expenses, and long-term liabilities	1,914,768	386,974
Deferred income	(125,158)	130,747
Net Cash Provided by Operating Activities	5,388,319	2,151,103
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed asset purchases	(370,644)	(425,271)
Investment purchases	(135,945)	(154,046)
Proceeds from sale of investments	36,453	61,056
Net Cash Used by Investing Activities	(470,136)	(518,261)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(2,585,123)	(2,155,596)
Proceeds from new debt	2,439,689	900,000
Change in annuities	29,091	89,733
Net Cash Used by Financing Activities	(116,343)	(1,165,863)
Net Change in Cash and Cash Equivalents	4,801,840	466,979
Cash and Cash Equivalents, Beginning of Year	5,186,463	4,719,484
Cash and Cash Equivalents, End of Year	\$ 9,988,303	\$ 5,186,463
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest—no capitalized interest	\$ 37,046	\$ 63,007
Gifts-in-kind and donated commodities received and distributed	\$ 6,219,511	\$ 14,456,578

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Consolidated Statement of Functional Expenses

Year Ended September 30, 2016
(with comparative totals for 2015)

	Support Services			Total	2015 Total
	Program Ministries	Fund-raising	General and Administrative		
Grants to other organizations	\$ 1,186,240	\$ -	\$ -	\$ 1,186,240	\$ 2,748,996
Gift in kind to other organizations	175,806	-	-	175,806	-
Direct relief and development projects	64,204,920	-	-	64,204,920	44,982,309
Salaries and benefits	25,984,615	3,274,024	2,678,045	31,936,684	30,148,694
Professional services	2,214,514	9,069,039	305,519	11,589,072	6,886,365
Travel	5,221,011	304,974	145,294	5,671,279	5,521,889
Office expense	1,767,450	598,647	1,106,701	3,472,798	2,982,489
Occupancy	1,962,605	48,236	159,045	2,169,886	2,049,761
Depreciation	294,231	825	187,356	482,412	615,498
General information, education, and promotion	87,000	1,938,906	-	2,025,906	1,913,726
Other expenses	811,530	119,804	385,629	1,316,963	1,346,720
Total Expenses	\$ 103,909,922	\$ 15,354,455	\$ 4,967,589	\$ 124,231,966	
Year Ended September 30, 2015	\$ 82,100,467	\$ 11,087,076	\$ 6,008,904		\$ 99,196,447

See notes to consolidated financial statements

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

1. NATURE OF ORGANIZATION:

Food for the Hungry, Inc. (FHUS) and FH Association share a common board and management structure responsible to operate both entities as Food for the Hungry (FH). With the existing financial interrelatedness of FHUS and FH Association, the organizations have elected to consolidate their financial statements as permitted under the *Consolidation* topic of the Financial Accounting Standards Board Accounting Standards Codification. Four additional independent national organizations, described below, provide support to FH Association but are excluded from these consolidated financial statements.

FHUS is a Christian international relief and development organization incorporated in the United States of America (California) on January 28, 1971.

FH Association is a not-for-profit international association chartered in Switzerland on November 23, 2006. FH Association operates in Bangladesh, Bolivia, Burundi, Cambodia, Democratic Republic of Congo, Dominican Republic, Ethiopia, Guatemala, Haiti, Indonesia, Kenya, Mozambique, Nicaragua, Peru, Philippines, Rwanda, South Sudan, Uganda, and other countries with smaller field operations.

Food for the Hungry Foundation, Inc. (FHF) was incorporated in the United States of America (Colorado) on August 14, 2003. FHF is organized and operated under the control and for the benefit of FHUS. For the years ended September 30, 2016 and 2015, Food for the Hungry Foundation, Inc. had total assets of \$100,562 and \$116,662 and total liabilities of \$77,886 and \$81,577, respectively.

Tax Status

FHUS and FHF are not-for-profit corporations in the United States of America, which are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and are also exempt from state income taxes. Each of these entities has been classified as publicly supported organizations, which are not private foundations, under Section 509(a) of the Code. Contributions by the public are deductible for income tax purposes. FH Association is recognized as a 501(c)(4) organization.

Operating Revenues

FH relies upon contributions, private grants from its cooperative national support organizations (see Affiliated Organizations below) and government funding in order to carry out its operations. FH's ability to continue functioning at its current level of operations is dependent upon its ability to generate similar future funding.

Programs

The vision of FH is to respond to God's call until physical and spiritual hungers are ended worldwide. This is achieved by FH "walking with churches, leaders and families in overcoming all forms of human poverty by living in healthy relationship with God and His creation." The following programs are designed to fulfill this vision and mission:

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

1. NATURE OF ORGANIZATION, continued:

Child Sponsorship

Monthly sponsorship provides a child with access to nutritious food, clothing, medical care, educational supplies, and spiritual nourishment through community development programs. Because the programs are family and community based, gifts help the entire family and community.

Hunger Corps

FH provides opportunities to serve overseas through short-term or long-term assignments. Hunger Corps (modeled after the Peace Corps in the United States of America) works with indigenous FH organizations and partners to help them better serve the needs of people in their own communities.

Relief and Development

Emergency relief and rehabilitation, clean-water and sanitation projects, health education and intervention, agriculture development, income generation, life-skills training, and education programs are conducted.

Short-term Teams

Short-term teams provide opportunities for individuals, churches, and other organizations to participate in short-term work projects in impoverished communities around the world.

Gifts-in-Kind Services

Non-monetary donations, called “gifts-in-kind”, including but not limited to, food, seeds, clothing, medical supplies, and pharmaceuticals are sought and integrated in FH relief, rehabilitation, and development programs. These donations are matched with the needs of field locations as well as other agencies.

Awareness and Education

By providing information and advocating about issues and public policies surrounding poverty and implementing educational programs, FH serves as an advocate for some of the poorest people in the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Food for the Hungry have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of Food For the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc., collectively referred to as Food for the Hungry (FH). All significant intercompany balances and transactions between these entities have been eliminated to avoid double-counting.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

COMPARATIVE FINANCIAL INFORMATION

The consolidated 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 FH's consolidated financial statements for the year ended September 30, 2015, from which the summarized information was derived.

USE OF ESTIMATES

The preparation of consolidated 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 and disclosures. Accordingly, actual results could differ from those estimates.

AFFILIATED ORGANIZATIONS

FHUS is cooperative with other national support organizations ("National Organizations" or "NO") in Canada, Switzerland, United Kingdom, and the United States of America (Korean-American Food for the Hungry). The NOs operate cooperatively within the FH Association as independent not-for-profit organizations. They are also joined by yet other national organizations in a looser organization of affiliates called the FHI-Federation. The NOs raise funds, supply human resources, and help design and evaluate relief and development programs implemented in many countries around the globe. These NOs provide support for FH Association activities through cash contributions and commodities. Certain affiliates contribute towards shared overhead expenses such as salaries and other expenses.

For the years ended September 30, 2016 and 2015, the support received from other affiliates was:

	Grants-Cash Contributions	Donated Commodities	In-Kind Salaries, Lodging, and Other	2016 Total	2015 Total
Affiliated Organizations:					
Japan	\$ 490,490	\$ -	\$ -	\$ 490,490	\$ 410,962
Canada	1,794,092	-	-	1,794,092	2,003,425
United Kingdom	415,751	-	-	415,751	383,003
Switzerland	109,039	-	-	109,039	74,897
Korean American (KAFHI)	105,727	-	-	105,727	124,412
	<u>\$ 2,915,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,915,099</u>	<u>\$ 2,996,699</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash on hand, cash on deposit, and investments purchased with original maturities of three months or less. These accounts may, at times, exceed federally insured limits. Food for the Hungry has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

All bank accounts are located in the countries where offices are located, with most cash centralized in the United States of America and Switzerland. As of September 30, 2016 and 2015, approximately \$742,000 and 723,000, respectively, was located in countries which impose various restrictions. The nature of these restrictions range from prohibitions on removal of currency from the country to restrictions on the maximum amount of local currency which can be exchanged for U.S. dollars.

INVESTMENTS

Money market mutual funds, certificates of deposit, cash in investment brokerage accounts held in trust for the Child Vocational Scholarship Fund and to fund annuities for which FH is trustee, and foreign government securities (treasury bonds) with original maturities in excess of three months but within one year are included in investments. Investments are carried at market value. Donated securities are recorded at estimated market value on the date of the gift.

GRANTS RECEIVABLE AND PAYABLE

FH receives government grants for use in relief and development programs. A portion of these funds are expended and the remaining portions are sub-granted to similar not-for-profit organizations. As of September 30, 2016 and 2015, amounts due from government grants for expenditures incurred was \$473,310 and \$905,676, respectively, which is included in grants and other receivables on the consolidated statements of financial position. As of September 30, 2016 and 2015 there were no grants payable to other agencies.

INVESTMENT IN AFFILIATES

FH retains investments in micro-finance programs in Africa through Faulu Kenya Limited and Faulu Uganda Limited. As of September 30, 2016, FH directly owns 10% of Faulu Kenya outstanding common shares and is the primary beneficiary of the Faulu Kenya Trust, which owns an additional 15% of outstanding Faulu Kenya common shares. The FH board and the board of Faulu Kenya Limited have one director in common. In 2015, FH converted accounting treatment of its stock holding from the equity method to the cost method, based on September 30, 2014 value. FH's interest in Faulu Uganda Limited is approximately 1%, which is also carried on the cost method.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

LAND, BUILDINGS, AND EQUIPMENT

FHUS expenditures greater than \$2,500 and FH Association expenditures greater than \$5,000 of land, buildings, and equipment are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets, ranging from 3 years for software to 40 years for buildings. Certain assets are purchased under grant agreements for direct use in programs and are expensed in the year of acquisition when title for or ultimate ownership of the asset does not remain with FH.

ANNUITY ASSETS AND REINSURANCE CONTRACT

FHUS has established a gift annuity plan that allows donors to contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered a charitable contribution for income tax purposes.

The difference between the amount contributed for gift annuities and the liability for future payments, determined on an actuarial basis, is recognized as income at the date of the gift and is included on the consolidated statement of activities in contributions. The difference between annuity assets and liabilities is reported on the consolidated statement of financial position as net assets.

The present value of the expected payments to the annuitants over their life expectancy is included on the consolidated statements of financial position as a liability under annuity obligations. The liability is revalued annually based upon actuarially computed present values. The change in the present value, net of investment income, payments to annuitants, and terminations, is included on the consolidated statements of activities as change in value of annuities.

In March 2002, FHUS purchased a Nonparticipating Terminal Funding Group Annuity from an insurance company. The purpose of this policy is to reinsure the gift annuity obligations of FHUS. The insurance company has assumed all mortality and investment risk associated with the gift annuities. However, FHUS remains liable for fulfilling the requirements of the gift annuity agreements. The value of this policy has been determined to equal the outstanding annuity obligations of FHUS and is included on the consolidated statements of financial position as annuity assets and reinsurance contract.

As a result of the reinsurance of the mortality and investment risk associated with gift annuities, changes in the present value of expected payments to annuitants over their life expectancies from the date of the policy forward represent changes in the associated gift annuity reinsurance contract and not income to FHUS.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITY ASSETS AND REINSURANCE CONTRACT, continued

As of September 30, 2016, annuity assets totaled \$408,201 (\$116,051 was covered by reinsurance and \$292,150 was covered by other annuity assets) and annuity obligations totaled \$220,957 (\$116,051 were reinsured liabilities and \$104,906 were actuarial liabilities to annuitants). For the comparable period, as of September 30, 2015, annuity assets totaled \$270,092 and annuity liabilities totaled \$245,345

NET ASSETS

The consolidated financial statements report amounts by classification of net assets as follows:

Unrestricted net assets amounts are currently available at the discretion of the board for use in FH's operations, specific purposes as designated by the board, investments in affiliate companies, or resources invested in land, buildings, and equipment.

Temporarily restricted net assets amounts are stipulated by donors for specific operating purposes, for capital projects, or for time restrictions (see Note 9 for a summary of temporarily restricted net assets).

Permanently restricted net assets amounts are those which represent permanent endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available as unrestricted or temporarily restricted, as specified in endowment agreements. Permanently restricted net assets consist of the Child Vocational Scholarship Fund. Each year, all or part of the investment income from the Child Vocational Scholarship Fund is available for award to graduates of the child sponsorship program for additional vocational training. The investment income can also be used by FH Association staff toward funding courses that would enable them to better serve the country in which they minister.

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

SUPPORT, REVENUE, AND OTHER

Contributions and grants are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to FH. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met.

FH receives donations of food, clothing, medical supplies, and other commodities for use in relief and development programs from the U.S. government and other donors. All such gifts-in-kind are distributed by FH Association or similar not-for-profit organizations for ultimate use by needy people around the world.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND OTHER, continued

The gifts-in-kind received through private donations are recorded at their estimated fair value on the date of the gift. For the years ended September 30, 2016 and 2015, FH reported its gifts-in-kind based on market sources and inputs to estimate fair value using an exit price notion. For non-FDA (Food and Drug Administration) deworming medicines, FH relied on survey data from the surrounding countries to determine fair value.

As of September 30, 2016 and 2015, FH had approximately \$1,349,000 and \$0, respectively, of gifts-in-kind that had not been distributed by FH Association, which is reflected as inventory and included in prepaid expenses and other assets on the consolidated statement of financial position.

FH is a member of the Accord Network, a group of charities performing relief and development work. In accordance with standards the group developed in December 2009 (the Interagency Gift-in-kind Standards), FH only recognizes amounts related to the value of commodities when FH (i) is the original recipient of the gift, or (ii) is in partnership with another organization for distribution, or (iii) uses the commodities in a FH program.

Contributions and grants are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. FH's policy is to record temporarily restricted contributions received and expended in the same accounting period as temporarily restricted contributions and net assets released from restrictions. Temporarily restricted contributions are subject to assessments ranging from 0% to 63.5%, which are used for general and administrative expenses. Assessments are classified as unrestricted contributions at the time the contributions are received.

Net assets released from restrictions include:

	Year Ended September 30,	
	2016	2015
Administrative allocations	\$ 19,997,139	\$ 14,680,401
Child sponsorship	17,694,610	13,381,899
International Hunger Corps staff support	524,622	618,098
Child Vocational Scholarships granted	54,000	60,000
Relief efforts and other projects	13,551,048	14,243,297
	<u>\$ 51,821,419</u>	<u>\$ 42,983,695</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND OTHER, continued

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

U.S. government grants are recorded when earned, which is based on the timing of grant fund expenditures. The U.S. government also donates commodities which can be sold to fund development projects in foreign countries, a process called “monetization.” Revenue from the sale of commodities is recognized based on the pace of program expenditures and is included in “U.S. government grants” on the consolidated statements of activities and was \$0 and \$7,473 for the years ended September 30, 2016 and 2015, respectively. Proceeds from monetization activities received in advance of actual expenditures are recorded as deferred income.

Support from governments in other countries restricted for specified purpose, primarily Great Britain, Canada, Finland, Switzerland and intergovernmental agencies including the United Nations International Children's Emergency Fund (UNICEF), the United Nations World Food Programme (UNWFP), and the United Nations Food and Agriculture Organization (UNFAO), is recognized as cash contributions from other governments in the consolidated statements of activities.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

During the year ended September 30, 2016, FH received approximately 50% of total revenue from U.S. government grants, 29% from child sponsorship contributions, 6% gifts-in-kind received through private donations, and 16% from all other sources. During the year ended September 30, 2015, FH received approximately 37% of total revenue from U.S. government grants, 26% from child sponsorship contributions, 15% gifts-in-kind received through private donations, and 23% from all other sources.

CONTRIBUTED SERVICES

The *Contributed Services* topic of the Financial Accounting Standards Board Accounting Standards Codification requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. For the years ended September 30, 2016 and 2015, FH Association received no seconded missionary staff from NOs that met these requirements. The actual costs incurred by NOs are recorded and are reported as contributed services from NOs on the consolidated statements of activities.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program ministries and supporting services have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program ministries and supporting services benefited.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF JOINT COSTS

FH's policy is to allocate all costs of activities which have a fund-raising component as 100% fund-raising in accordance with the *Accounting for Costs that Include Fundraising* topic of the Financial Accounting Standards Board Accounting Standards Codification.

FOREIGN CURRENCY TRANSLATION

All field offices have identified the U.S. dollar as their functional currency. The consolidated financial statements of these locations are remeasured to U.S. dollars using year end rates of exchange for all monetary assets and liabilities, and average rates of exchange for the year for revenues and expenses. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statements of activities. FH recognized a net unrealized foreign exchange gain (loss) of approximately (\$503,299) and \$208,706 during the years ended September 30, 2016 and 2015, respectively, which is reported in the consolidated statements of activities as other income.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statement of activities. As of September 30, 2016, FH has recorded approximately \$390,000 as a liability for payroll taxes, including estimated penalties and interest, that are expected to be paid outside of the U.S. There are no other uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

FH files information tax returns in the U.S. and various states. FH is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform with current year presentation.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Fair values of assets measured on a recurring basis are:

	Fair Value Measurements at September 30, 2016				September 30, 2015 Total
	Level 1	Level 2	Level 3	Total	
Investments:					
Money market funds	\$ 67,492	\$ -	\$ -	\$ 67,492	\$ 326,138
Certificate of deposit	282,894	-	-	282,894	18,175
Corporate bonds	-	74,097	-	74,097	82,507
Mutual funds:					
Money Market	56,843	-	-	56,843	101,550
Fixed income	284,532	-	-	284,532	237,358
Equity	103,236	-	-	103,236	84,101
Large blend	897,358	-	-	897,358	775,226
	<u>1,341,969</u>	-	-	<u>1,341,969</u>	<u>1,198,235</u>
Common stock:					
Basic materials	38	-	-	38	20
Financial	9,770	-	-	9,770	9,350
	<u>9,808</u>	-	-	<u>9,808</u>	<u>9,370</u>
Total investments	<u>\$ 1,702,163</u>	<u>\$ 74,097</u>	<u>\$ -</u>	1,776,260	1,634,425
Less long-term investments:					
Annuity assets held in investments				(292,150)	(116,662)
Child Vocational Scholarship Fund held as investments				(1,150,827)	(1,082,394)
Current investments				<u>\$ 333,283</u>	<u>\$ 435,369</u>

Methods and assumptions used by FH in estimating fair values are:

Money market funds, certificate of deposit, common stock, and mutual funds—fair value is based on quoted market prices in an active market.

Corporate bonds—fair value is based on yields currently available on comparable securities of issuers with similar credit ratings.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Investment income consists of:

	Year Ended September 30,	
	2016	2015
Interest and dividends	\$ 49,243	\$ 52,897
Realized and unrealized gains (losses) on investments	117,909	(65,995)
	\$ 167,152	\$ (13,098)

4. ENDOWMENT FUNDS:

FH's endowment consists of one individual fund established for the provision of scholarships and included investments \$1,150,827 and \$1,082,394 as of September 30, 2016 and 2015, respectively. FH's Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by FH in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, FH considers factors such as duration and preservation of the fund, general economic conditions, purposes the fund, etc. in making a determination to appropriate or accumulate donor-restricted endowment funds.

Endowment net asset composition by type of fund is:

	September 30, 2016				September 30, 2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Donor-restricted endowment funds	\$ -	\$ 650,827	\$ 500,000	\$ 1,150,827	\$ 1,082,394
Total endowment funds	\$ -	\$ 650,827	\$ 500,000	\$ 1,150,827	\$ 1,082,394

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

4. ENDOWMENT FUNDS, continued:

Changes in endowment net assets consist of:

	Year Ended September 30, 2016			Total	Year Ended September 30, 2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Endowment net assets, October 1, 2015	\$ -	\$ 582,397	\$ 500,000	\$ 1,082,397	\$ 1,144,527
Investment return:					
Interest and dividend income	-	23,460	-	23,460	23,703
Realized and unrealized gains	-	99,594	-	99,594	(25,212)
Total investment return	-	123,054	-	123,054	(1,509)
Appropriation of endowment assets for expenditure	-	(54,624)	-	(54,624)	(60,624)
Endowment net assets, September 30, 2016	\$ -	\$ 650,827	\$ 500,000	\$ 1,150,827	\$ 1,082,394

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires FH to retain as a fund of perpetual duration. There were no deficiencies as of September 30, 2016 and 2015.

Return objectives and risk parameters: FH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FH must hold in perpetuity. Under this policy, as approved by FH's Board, the endowment assets are invested in a manner that is intended to produce results that match the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. FH expects its endowment funds, over time, to provide an average rate of return of approximately five percent annually. Actual returns in any given year may vary from this amount.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

4. ENDOWMENT FUNDS, continued:

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, FH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: By prior agreement with one of its national organizations, FH distributes five percent of its principal endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

5. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

	September 30,	
	2016	2015
Prepaid expenses	\$ 731,749	\$ 699,160
Advances to staff	120,556	101,479
Cash surrender value life insurance	88,220	88,341
Inventory	1,349,112	15,844
Security deposits	144,034	164,988
	<u>2,433,671</u>	<u>1,069,812</u>
Less long-term other assets	<u>(88,220)</u>	<u>(88,341)</u>
	<u>\$ 2,345,451</u>	<u>\$ 981,471</u>

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

6. INVESTMENT IN AFFILIATE COMPANIES:

Investment in affiliate companies consist of:

	September 30,	
	2016	2015
Investment in Faulu Kenya—cost method	\$ 4,182,764	\$ 4,182,764
Investment in Faulu Uganda—cost method	112,840	112,840
	\$ 4,295,604	\$ 4,295,604

7. LAND, BUILDINGS, AND EQUIPMENT—NET:

Land, buildings, and equipment consist of:

	September 30,	
	2016	2015
Land	\$ 168,851	\$ 168,851
Buildings and improvements	1,921,239	1,921,239
Furniture and fixtures	369,569	369,569
Office equipment	482,942	482,942
Computer equipment	569,383	443,242
Computer software	919,217	912,931
Vehicles	2,897,000	2,703,141
	7,328,201	7,001,915
Less accumulated depreciation	(5,363,212)	(4,925,158)
Land, buildings and equipment—net	1,964,989	2,076,757
Less capital lease obligations for equipment and vehicle loan payable	(311,667)	(497,101)
Net investment in land, buildings, and equipment	\$ 1,653,322	\$ 1,579,656
Depreciation expense	\$ 482,412	\$ 615,498

Management has reviewed the assets in other countries and, in its opinion, determined they are under control and ownership of FH. While such items are recognized as assets of FH, it should be noted that the political situation in many other countries is subject to rapid change. Therefore, the reader should be aware that while FH believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized should the assets be sold.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

8. LOANS PAYABLE:

Loans payable consist of:

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
Various loans payable to a company in the amount of \$400,000, \$300,000, and \$200,000, with monthly principal and interest payments of \$7,601, \$5,660, and \$3,774, respectively, with interest calculated at 5%. Loans mature April 2017, June 2018, and March 2020, respectively and are secured by vehicles.	\$ 311,667	\$ 497,101
Loans payable to various third parties in amounts ranging from \$50,000 to \$150,000 that were paid off in 2016. A new loan payable was entered into in 2016 in the amount of \$90,000 maturing in 2017. Some loans were unsecured while others were secured by liens against FH's real estate.	<u>90,000</u>	<u>50,000</u>
	<u>\$ 401,667</u>	<u>\$ 547,101</u>
<u>Year Ending September 30,</u>		
2017	\$ 244,893	
2018	90,805	
2019	43,002	
2020	<u>22,967</u>	
	<u>\$ 401,667</u>	

FH was in compliance with all financial and reporting covenants as of September 30, 2016.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	September 30,	
	2016	2015
Relief efforts and international projects	\$ 3,132,631	\$ 3,554,687
International Hunger Corps staff support	131,049	166,902
Child sponsorship	5,822,901	3,611,434
Child Vocational Scholarship Fund	650,827	582,394
Teams fund	416,927	349,913
Other	108,920	464,714
	<u>\$ 10,263,255</u>	<u>\$ 8,730,044</u>

10. RETIREMENT PLAN:

FHUS has a defined contribution pension plan covering substantially all employees over 18 years of age who have completed one year of service. FHUS makes discretionary contributions based on a percentage of salary, and employees may make additional contributions. Vesting in FHUS contributions is based on years of continuous service, which reaches 100% after the fifth year of service. Retirement expense was \$284,629 and \$258,891 for the years ended September 30, 2016 and 2015, respectively.

All full-time FH Association employees whose employment agreement is directed by the Switzerland charter (rather than a field office), who are non-US citizens/residents, who have attained the age of 21, and have completed one year of service are eligible to participate in a noncontributory defined contribution benefit plan. Vesting in employer paid contributions is based on years of service, which reaches 100% after 5 years of cumulative service in any FH Association field. Benefit expense under the plan amounted to approximately \$91,000 and \$89,000 for the years ended September 30, 2016 and 2015, respectively.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

11. OPERATING LEASES:

As part of its exempt activities, FH has incurred certain obligations and commitments relating to office equipment and rental properties. Lease expense approximated \$1,562,000 and \$1,281,000 for the years ended September 30, 2016 and 2015, respectively. Future minimum payments required under non-cancelable operating leases are as follows:

<u>Year Ending September 30,</u>	
2017	\$ 1,162,841
2018	576,981
2019	430,545
2020	<u>150,368</u>
	<u>\$ 2,320,735</u>

12. CONTINGENCIES:

FH Association received food donations for monetization and direct distribution under Title II, Food Security from USAID to further charitable activities in Bolivia. The government of Bolivia has asserted that charities working under certain grants from 2002 forward were not covered by various bilateral agreements between the U.S. and Bolivia. Therefore, the government of Bolivia has claimed that import taxes are owed on some food donations. FH's share of the retrospective assessment is \$25.6 million. Though FH is defending its position in Bolivian courts, FH believes that this dispute between Bolivia and the US government will be resolved through diplomacy and will not ultimately result in taxes being owed or paid. No provision for tax assessment has been made in the accompanying consolidated financial statements.

13. FINANCIAL CONDITION:

As of September 30, 2016 and 2015, FH had accumulated a deficit in unrestricted undesignated net assets of \$2,037,492 and \$4,918,779 respectively. This deficit is primarily the result of accumulated unrestricted losses over recent years. Management is committed to eliminating its deficit in unrestricted undesignated funds, which will take three to five years to accomplish. Management has renewed its emphasis on careful expense control and aggressive increased fundraising efforts. Near-term results are expected from improved child sponsor retention and increased focus on attracting support from major donors. As a result, an unrestricted net income of \$2,954,953 was recognized during the year ended September 30, 2016. During the year ended September 30, 2015, due to an unexpected tax liability as noted in Note 2, a net loss of \$556,454 was recognized.

FOOD FOR THE HUNGRY

Notes to Consolidated Financial Statements

September 30, 2016
(with comparative totals for 2015)

14. RELATED PARTY TRANSACTIONS:

FH paid approximately \$37,000 and \$29,000 to two board members for consulting services rendered during the year ended September 30, 2016. FH also paid approximately \$148,000, \$52,000, and \$22,000 to three board members for consulting services rendered during the years ended September 30, 2015. These services were not related to their duties as board members.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION**

Board of Directors
Food for the Hungry
Phoenix, Arizona

We have audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2016, and our report thereon dated February 10, 2017 which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

We have previously audited the consolidated financial statements of Food for the Hungry, Inc., FH Association, and Food for the Hungry Foundation, Inc. as of and for the year ended September 30, 2015 and our report dated February 10, 2016, expressed unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein in the consolidating statements of financial position and activities is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Capin Crouse LLP

Colorado Springs, Colorado
February 10, 2017

FOOD FOR THE HUNGRY

Consolidating Schedule of Financial Position

(with comparative totals for 2015)

	September 30,					
	2016				2015	
	Food for the	FH	Food for the			
	Hungry, Inc.	Association	Hungry Foundation, Inc.	Eliminations	Total	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 430,916	\$ 9,557,387	\$ -	\$ -	\$ 9,988,303	\$ 5,186,463
Investments	296,637	36,646	-	-	333,283	435,369
Grants and other receivables	552,486	1,084,293	-	(341,507)	1,295,272	1,430,718
Prepaid expenses and other assets	536,443	1,809,008	-	-	2,345,451	981,471
	1,816,482	12,487,334	-	(341,507)	13,962,309	8,034,021
Annuity assets and reinsurance contract	307,639	-	100,562	-	408,201	270,092
Other long-term assets	88,220	-	-	-	88,220	88,341
Investment in affiliate companies	4,295,604	-	-	-	4,295,604	4,295,604
Land, buildings, and equipment, at cost-net	1,267,924	697,065	-	-	1,964,989	2,076,757
Child Vocational Scholarship Fund	1,150,827	-	-	-	1,150,827	1,082,394
Total Assets	\$ 8,926,696	\$ 13,184,399	\$ 100,562	\$ (341,507)	\$ 21,870,150	\$ 15,847,209
LIABILITIES AND NET ASSETS:						
Current liabilities:						
Accounts payable and accrued expenses	\$ 1,034,119	\$ 3,738,736	\$ -	\$ -	\$ 4,772,855	\$ 3,305,917
Intercompany payable	-	78,457	-	(78,457)	-	-
Grants payable	263,050	-	-	(263,050)	-	-
Deferred income	-	635,425	-	-	635,425	760,583
Loan payable-current portion	90,000	154,893	-	-	244,893	236,083
	1,387,169	4,607,511	-	(341,507)	5,653,173	4,302,583
Other long-term liabilities	-	1,164,557	-	-	1,164,557	801,738
Annuity obligations	143,071	-	77,886	-	220,957	245,345
Loan payable-net of current portion	-	156,774	-	-	156,774	311,018
	1,530,240	5,928,842	77,886	(341,507)	7,195,461	5,660,684
Net assets:						
Unrestricted	2,308,881	1,579,877	22,676	-	3,911,434	956,481
Temporarily restricted	4,587,575	5,675,680	-	-	10,263,255	8,730,044
Permanently restricted-Child Vocational Scholarship Fund	500,000	-	-	-	500,000	500,000
	7,396,456	7,255,557	22,676	-	14,674,689	10,186,525
Total Liabilities and Net Assets	\$ 8,926,696	\$ 13,184,399	\$ 100,562	\$ (341,507)	\$ 21,870,150	\$ 15,847,209

FOOD FOR THE HUNGRY

Consolidating Schedule of Activities

(with comparative totals for 2015)

	Year Ended September 30,					2015
	2016					
	Food for the Hungry, Inc.	FH Association	Food for the Hungry Foundation, Inc.	Eliminations	Total	
UNRESTRICTED NET ASSETS:						
SUPPORT, REVENUE, AND OTHER:						
Cash contributions:						
National Organizations	\$ -	\$ 224,161	\$ -	\$ -	\$ 224,161	\$ 231,199
Other	3,857,483	32,423	3,693	-	3,893,599	3,693,493
U.S. government grants	41,342,087	37,884,277	-	(37,971,580)	41,254,784	26,030,426
Investment income (loss)	142,722	4,138	20,292	-	167,152	(11,589)
Change in value of annuities	-	-	(36,394)	-	(36,394)	(72,745)
Other income (loss)	85,094	(227,665)	-	-	(142,571)	545,764
Noncash support and revenue:						
U.S. government commodities donated for distribution	22,753,429	22,753,428	-	(22,753,428)	22,753,429	10,783,172
Other donated commodities	4,680,789	7,075,534	-	(4,504,983)	7,251,340	14,456,578
Net assets released from restrictions	41,550,182	29,604,523	-	(19,333,286)	51,821,419	42,983,695
Total Support, Revenue, and Other	114,411,786	97,350,819	(12,409)	(84,563,277)	127,186,919	98,639,993
EXPENSES:						
Program ministries:						
Grants to FH Association	84,409,658	-	-	(84,409,658)	-	-
Grants, contracts, and gifts in kind to other organizations	712,199	649,847	-	-	1,362,046	2,748,996
Direct relief and development activities	8,048,067	94,653,428	-	(153,619)	102,547,876	79,351,471
	<u>93,169,924</u>	<u>95,303,275</u>	<u>-</u>	<u>(84,563,277)</u>	<u>103,909,922</u>	<u>82,100,467</u>
Supporting services:						
Fund-raising	15,354,455	-	-	-	15,354,455	11,087,076
General and administrative	4,967,589	-	-	-	4,967,589	6,008,904
	<u>20,322,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,322,044</u>	<u>17,095,980</u>
Total Expenses	113,491,968	95,303,275	-	(84,563,277)	124,231,966	99,196,447
Change in Net Assets	919,818	2,047,544	(12,409)	-	2,954,953	(556,454)
Net Assets, Beginning of Year	1,389,063	(467,667)	35,085	-	956,481	1,512,935
Net Assets, End of Year	\$ 2,308,881	\$ 1,579,877	\$ 22,676	\$ -	\$ 3,911,434	\$ 956,481

FOOD FOR THE HUNGRY

Consolidating Schedule of Activities

(with comparative totals for 2015)

(continued)

	Year Ended September 30,					
	2016					2015
	Food for the Hungry, Inc.	FH Association	Food for the Hungry Foundation, Inc.	Eliminations	Total	Total
TEMPORARILY RESTRICTED NET ASSETS:						
SUPPORT, REVENUE, AND OTHER:						
Cash contributions:						
National Organizations	\$ -	\$ 21,870,605	\$ -	\$ (19,179,667)	\$ 2,690,938	\$ 2,765,500
Other governments	-	5,640,354	-	-	5,640,354	7,098,084
Other	41,937,163	3,086,175	-	-	45,023,338	34,267,497
Investment income (loss)		-	-	-	-	(1,509)
Noncash support and revenue:						
Contributed services	-	153,619	-	(153,619)	-	-
Net assets released from restrictions	(41,550,182)	(29,604,523)	-	19,333,286	(51,821,419)	(42,983,695)
Change in Net Assets	386,981	1,146,230	-	-	1,533,211	1,145,877
Net Assets, Beginning of Year	4,200,594	4,529,450	-	-	8,730,044	7,584,167
Net Assets, End of Year	<u>\$ 4,587,575</u>	<u>\$ 5,675,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,263,255</u>	<u>\$ 8,730,044</u>
PERMANENTLY RESTRICTED NET ASSETS:						
SUPPORT, REVENUE, AND OTHER:						
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net assets released from restrictions	-	-	-	-	-	-
Change in Net Assets	-	-	-	-	-	-
Net Assets, Beginning of Year	500,000	-	-	-	500,000	500,000
Net Assets, End of Year	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>