



**SHARE OUR STRENGTH, INC.  
AND SUBSIDIARY**

**Consolidated Financial Statements and Supplemental  
Information**

*For The Six Months Ended June 30, 2014*



**and  
Report Thereon**



**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**TABLE OF CONTENTS**  
**For the Six Months Ended June 30, 2014**

---

***Page***

Independent Auditor's Report .....	1-2
Consolidated Financial Statements	
Consolidated Statement of Financial Position .....	3
Consolidated Statement of Activities.....	4
Consolidated Statement of Cash Flows .....	5
Notes to Consolidated Financial Statements .....	6-17
Supplemental Information	
Consolidating Statement of Financial Position .....	18
Consolidating Statement of Activities.....	19
Consolidating Schedule of Functional Expenses .....	20



*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Share Our Strength, Inc. and Subsidiary

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Share Our Strength, Inc. and subsidiary (Share Our Strength), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and cash flows for the six months then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated 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 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.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Share Our Strength as of June 30, 2014, and the changes in its net assets and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

**Continued**

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating statements 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 changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. The supplemental consolidating schedule of functional expenses is presented for purposes of additional analysis and is also 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 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.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
November 26, 2014

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2014**

---

**ASSETS**

Cash and cash equivalents	\$ 2,121,427
Cash held by others	1,390,205
Accounts receivable, net	567,388
Grants and contributions receivable, net	6,780,258
Prepaid expenses and other assets	1,118,592
Deferred tax asset	312,708
Investments	950,000
Property and equipment, net	<u>3,286,819</u>

TOTAL ASSETS	<u><u>\$ 16,527,397</u></u>
--------------	-----------------------------

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ 3,534,677
Grants payable	1,429,986
Deferred revenue	2,104,857
Line of credit	332,468
Capital lease obligation	8,224
Notes payable	59,636
Deferred rent and leasehold incentives	<u>4,211,383</u>

TOTAL LIABILITIES	<u>11,681,231</u>
-------------------	-------------------

**Net Assets**

Unrestricted	(1,388,891)
Temporarily restricted	<u>6,235,057</u>

TOTAL NET ASSETS	<u>4,846,166</u>
------------------	------------------

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 16,527,397</u></u>
----------------------------------	-----------------------------

The accompanying notes are an integral part of these consolidated financial statements.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Six Months Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Corporate sponsorships, contributions and partners	\$ 4,326,967	\$ 2,654,971	\$ 6,981,938
Foundation grants and contributions	786,064	2,042,894	2,828,958
In-kind contributions - public service announcements (PSAs) and advertising	2,332,093	-	2,332,093
In-kind contributions - other	97,286	-	97,286
Consulting revenue	1,648,143	-	1,648,143
Individual contributions	1,253,445	20,868	1,274,313
Government grants	1,029,082	-	1,029,082
Event ticket sales	975,248	-	975,248
Auction revenue	625,461	-	625,461
Other	607,679	-	607,679
Bake sales	112,754	-	112,754
Interest income	13,909	-	13,909
Net assets released from restrictions:			
Satisfaction of purpose restrictions	4,542,139	(4,542,139)	-
Satisfaction of time restrictions	2,052,254	(2,052,254)	-
	<u>20,402,524</u>	<u>(1,875,660)</u>	<u>18,526,864</u>
<b>TOTAL REVENUE AND SUPPORT</b>			
	<u>20,402,524</u>	<u>(1,875,660)</u>	<u>18,526,864</u>
<b>EXPENSES</b>			
Program Services:			
Anti-Hunger, Anti-Poverty Initiatives, including in-kind PSAs and advertising of \$1,326,568	15,435,942	-	15,435,942
Community Wealth Partners	1,661,166	-	1,661,166
	<u>17,097,108</u>	<u>-</u>	<u>17,097,108</u>
Total Program Services			
	<u>17,097,108</u>	<u>-</u>	<u>17,097,108</u>
Supporting Services:			
Management and general	1,801,048	-	1,801,048
Fundraising:			
New York City Wine and Food Festival, including in-kind PSAs and advertising of \$171,175	923,972	-	923,972
Other, including in-kind PSAs and advertising of \$834,350	4,910,649	-	4,910,649
Direct donor benefits	127,978	-	127,978
	<u>7,763,647</u>	<u>-</u>	<u>7,763,647</u>
Total Supporting Services			
	<u>7,763,647</u>	<u>-</u>	<u>7,763,647</u>
<b>TOTAL EXPENSES</b>	<u>24,860,755</u>	<u>-</u>	<u>24,860,755</u>
<b>CHANGE IN NET ASSETS</b>	<u>(4,458,231)</u>	<u>(1,875,660)</u>	<u>(6,333,891)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,069,340</u>	<u>8,110,717</u>	<u>11,180,057</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ (1,388,891)</u>	<u>\$ 6,235,057</u>	<u>\$ 4,846,166</u>

The accompanying notes are an integral part of these consolidated financial statements.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Six Months Ended June 30, 2014**  
**Increase (Decrease) in Cash and Cash Equivalents**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (6,333,891)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	258,809
Provision for bad debt expense	(18,117)
Deferred tax provision	69,761
Changes in assets and liabilities:	
Accounts receivable	180,053
Grants and contributions receivable	2,310,782
Prepaid expenses and other assets	(493,565)
Accounts payable and accrued expenses	810,613
Grants payable	342,898
Deferred revenue	1,596,424
Deferred rent and leasehold incentives	<u>623,258</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(652,975)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	<u>(64,505)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(64,505)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit, net	332,468
Principal repayments on notes payable	(15,364)
Principal repayments on capital lease obligation	<u>(2,650)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>314,454</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(403,026)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,914,658</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 3,511,632</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents	\$ 2,121,427
Cash held by others	<u>1,390,205</u>
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 3,511,632</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>	
Cash payments for interest	<u><u>\$ 767</u></u>
Cash payments for income taxes	<u><u>\$ 3,867</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

## SHARE OUR STRENGTH, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Six Months Ended June 30, 2014

---

#### 1. Organization and Summary of Significant Accounting Policies

##### **Organization**

Share Our Strength, Inc. is one of the nation's leading anti-hunger organizations. The No Kid Hungry campaign connects kids in need with nutritious food and teaches their families how to cook healthy, affordable meals. The campaign also engages the public to make ending childhood hunger a national priority. To support these efforts, Share Our Strength, Inc. raises funds in multiple ways, from mobilizing volunteer led special events across the country, to developing cause-related marketing campaigns, and securing corporate sponsorships.

Community Wealth Partners, Inc. (CWP), a wholly-owned for-profit subsidiary of Share Our Strength, Inc. was incorporated on March 31, 1997, in the state of Delaware. CWP partners with leaders and organizations to solve problems at the magnitude in which they exist.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of Share Our Strength, Inc. and CWP (collectively referred to as Share Our Strength). All intercompany transactions and balances were eliminated.

##### **Basis of Accounting and Change in Fiscal Year**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements are prepared using the accrual basis of accounting.

Share Our Strength elected to change its fiscal year-end from December 31 to June 30. Given that a higher percentage of revenue is raised and recognized in July through December, the fiscal year-end shift will allow management to have greater visibility of Share Our Strength's revenue results and performance earlier in the fiscal year, which will enhance resource deployment decision-making.

The significant decrease in Share Our Strength's unrestricted net assets during the reporting period of January 1 through June 30, 2014 is due primarily to the six month reporting period. Historically, the majority of Share Our Strength's unrestricted revenue and support is raised and recognized during the July through December reporting period. As Share Our Strength has a history of realizing increases to its net assets during a typical twelve-month fiscal year, management anticipates that this will continue to occur following the transition to a new fiscal year (July-June) pending any unusual business circumstances or material external factors.

##### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with initial maturities of three months or less.



## SHARE OUR STRENGTH, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Six Months Ended June 30, 2014

---

#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Cash Held by Others**

Cash held by others represents cash held by IMG Tickets, a division of International Players Championships, Inc. (IMGT), a full service ticket sales center, on Share Our Strength's behalf. IMGT has no rights to this cash. IMGT provides its ticketing and related services to the New York City Wine and Food Festival (NYCWFF). IMGT receives and holds the proceeds from ticket sales for the event and then remits settlement payments on a regular twice monthly schedule to Share Our Strength following determination of any deductions for processing fees.

##### **Accounts Receivable and Grants and Contributions Receivable**

The face amount of accounts receivable and grants and contracts receivable is reduced by an allowance for doubtful accounts. The allowance for doubtful accounts reflects the best estimate of probable losses, determined principally on the basis of historical experience and specific allowances for identified, delinquent accounts. All accounts, or portions thereof, that are deemed uncollectible, or that require an excessive collection cost, are written off to the allowance for doubtful accounts.

##### **Investments**

Investments consist of shares of common stock in privately-held corporations reported at carrying value in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-325 *Not-for-Profit Entities, Investments-Other*. Share Our Strength performs an impairment analysis of its investments if factors are observed that may indicate that a decrease in the value of the investment has occurred that is other than temporary, and if necessary, records an impairment loss to the carrying value of the investment.

##### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment are recorded at cost. Depreciation on furniture, fixtures, equipment and software is provided for on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 7 years. Leasehold improvements are amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and amortization, and any gain or loss is reflected in income or expense in the accompanying consolidated statement of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

##### **Grants Payable**

Share Our Strength generally awards grants on an annual basis. Grants are expensed in the year in which the unconditional commitment to give is made to the grantee, in accordance with the grant term. Any amounts promised but unpaid as of June 30, 2014 are included in grants payable in the accompanying consolidated statement of financial position. All grants payable are due to be paid within one year.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Six Months Ended June 30, 2014**

---

1. Organization and Summary of Significant Accounting Policies (continued)

**Net Assets**

The net assets of Share Our Strength are classified as follows:

- Unrestricted net assets represent funds that are available for support of Share Our Strength's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

**Support and Revenue Recognition**

Grants, contributions and sponsorships are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. Conditional promises to give are not included as support until such time as the conditions are substantially met. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Grants and contracts treated as exchange transactions are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on these grants and contracts for which billings have not been presented to or collected from the awarding agency is included in grants and contributions receivable in the accompanying consolidated statement of financial position. Amounts received in advance are recorded as deferred revenue in the accompanying consolidated statement of financial position.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned. Accordingly, advance collections from customers for event ticket sales are recorded as deferred revenue and recognized as revenue when the event occurs. Consulting fees are recognized based on a percentage of consultants' time incurred under the contract to the contract fee. Revenue recognized on contracts for which payments have not been received is reflected as accounts receivable in the accompanying consolidated statement of financial position. Contract payments received in advance, but not yet earned, are recorded as deferred revenue in the accompanying consolidated statement of financial position.

**Donated Goods and Services**

In-kind contributions are recognized as revenue and support and expenses in the accompanying consolidated statement of activities at the estimated fair value as provided by the donor at the date of donation. In-kind contributions are predominantly public service announcements, other media spots, and print and web advertising.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Six Months Ended June 30, 2014**

---

1. Organization and Summary of Significant Accounting Policies (continued)

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, costs have been allocated based upon the functions they directly benefit or upon management's estimates of the proportion of these costs applicable to each function.

Share Our Strength is a co-beneficiary, along with the Food Bank For New York, of the net proceeds raised by the NYCWFF. NYCWFF is an annual four-day event held in October that is directed by Southern Wine & Spirits. Share Our Strength includes the NYCWFF's financial results in these consolidated financial statements. As a significant portion of the NYCWFF's activities are fundraising, the NYCWFF's fundraising expenses are being separately reported to more accurately reflect Share Our Strength's functional expense allocation and business model.

Furthermore, given the six month reporting period presented in the accompanying consolidated financial statements, the reported allocation of functional expense may not be representative of the functional allocation of expenses for a full fiscal year given the seasonality and timing of Share Our Strength's business operations.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Accounts Receivable

Accounts receivable were composed of the following as of June 30, 2014:

Consulting fees	\$ 350,607
Culinary events	190,386
Other	<u>74,778</u>
Total Accounts Receivable	615,771
Less: Allowance for Doubtful Accounts	<u>(48,383)</u>
Accounts Receivable, Net	<u>\$ 567,388</u>

Continued

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Six Months Ended June 30, 2014**

---

3. Grants and Contributions Receivable

Grants and contributions receivable are due as follows as of June 30, 2014:

Amounts due in:

Less than one year	\$ 6,181,475
One to five years	<u>602,500</u>
Total Grants and Contributions Receivable	6,783,975
Less: Unamortized Discount	<u>(3,717)</u>
Grants and Contributions Receivable, Net	<u><u>\$ 6,780,258</u></u>

All grants and contributions receivable are considered fully collectible as of June 30, 2014.

Certain future grant and contribution payments, which have been promised to Share Our Strength under the terms of its grants and sponsorship agreements, are conditioned on the ability of the donor to terminate the contract at its discretion at a future date or Share Our Strength's ability to secure matching funds. These conditional payments, totaling \$7,351,226 as of June 30, 2014, are not included in grants and contributions receivable due to the condition.

4. Investments

Investments as of June 30, 2014 consist of shares of common stock in privately-held corporations reported at carrying value. The stock was donated to Share Our Strength in 2013 and recorded at the fair value as of the date of the donation. Share Our Strength is required to receive approval from other members prior to selling their shares in its investments. No impairment losses existed as of June 30, 2014. No investment income associated with the investment was recognized in the accompanying consolidated statement of activities for the six months ended June 30, 2014.

5. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of June 30, 2014:

Leasehold improvements	\$ 2,660,561
Furniture, fixtures and equipment	949,426
Computer software	342,213
Website	<u>36,500</u>
Total Property and Equipment	3,988,700
Less: Accumulated Depreciation and Amortization	<u>(701,881)</u>
Net Property and Equipment	<u><u>\$ 3,286,819</u></u>

Depreciation and amortization expense totaled \$258,809 for the six months ended June 30, 2014.

Continued

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Six Months Ended June 30, 2014**

---

6. Notes Payable

In May 2011, CWP entered into two loan agreements with private foundations that are affiliated with CWP's board members. Each loan consists of a \$50,000 note payable that bears interest at 1% per annum, and is payable on a quarterly basis in twelve equal installments of principal and accrued interest, commencing May 31, 2013 and ending on February 29, 2016.

The scheduled future principal payments under the notes payable are as follows at June 30, 2014:

For the Year Ending June 30,	
2015	\$ 33,261
2016	<u>26,375</u>
Total	<u>\$ 59,636</u>

7. Commitments

**Office Leases**

In March 2013, Share Our Strength entered into a twelve-year non-cancelable operating lease agreement for its office space in Washington, DC. The lease for the 11<sup>th</sup> floor space commenced on November 1, 2013, and extends through October 31, 2025. Base monthly rent for the 11<sup>th</sup> floor space is \$117,296 and is subject to annual increases of 2.5% per annum. The lease for the 10<sup>th</sup> floor space commences on November 1, 2014, and extends through October 31, 2025. Base monthly rent for the 10<sup>th</sup> floor space will be \$32,873, subject to annual increases of 2.5% per annum. Share Our Strength is required to pay its proportionate share of any increases in real estate taxes and operating expenses of the building. As an incentive to enter into the lease, Share Our Strength received a 10-month rent abatement on the 11<sup>th</sup> floor space, as well as a 10-month rent abatement on the 10<sup>th</sup> floor space, and a tenant improvement allowance of \$2,969,118, of which \$2,890,070 was spent towards the acquisition of leasehold improvements and furniture, fixtures and equipment during the year ended December 31, 2013. In lieu of a security deposit, Share Our Strength delivered an irrevocable, unconditional letter of credit to the landlord in the amount of \$150,169. The restricted cash balance pledged under the terms of the letter of credit is included in cash and cash equivalents in the consolidated statement of financial position.

Subsequent to year-end, Share Our Strength entered into a sublease agreement in October 2014 for the entire 10<sup>th</sup> floor space. The sublease agreement for the 10<sup>th</sup> floor space commences on November 1, 2014 in conjunction with the lease. The agreement is for three years, with a termination clause for the third year that can be exercised with nine months notice by either party. Base monthly rent under this agreement is \$22,012 and is subject to annual increases of 4% per annum. The subtenant was also granted a two-month rent abatement.

Continued

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Six Months Ended June 30, 2014**

7. Commitments

**Office Leases (continued)**

Share Our Strength also has non-cancelable operating lease agreements for office space in Denver, Colorado; New York, New York; and Boston, Massachusetts. These leases are for varying terms through October 2019. The Denver lease also included a tenant improvement allowance of \$94,075 which was spent towards the acquisition of leasehold improvements during the year ended December 31, 2013.

On May 6, 2011, CWP entered into a ten-year and eight-month non-cancelable operating lease agreement for its office space in Washington, DC. The lease commenced on October 1, 2011, and extends through May 31, 2022. The monthly base rent is subject to annual escalations of 2.5%. CWP is also obligated to pay its proportionate share of the real estate taxes and excess operating costs. As an incentive to enter into the lease, CWP received a tenant improvement allowance of \$255,375, of which \$237,941 was spent toward the construction of tenant improvements, with the balance being applied against future rental payments due to the landlord.

Under GAAP, all fixed rent increases and leasehold incentives are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent and leasehold incentives in the accompanying consolidated statement of financial position.

Total future minimum lease payments under these operating leases, net of expected sublease income, are as follows:

For the Year Ending June 30,	Rent Payments	Sublease Income	Net
2015	\$ 1,660,238	\$ (132,072)	\$ 1,528,166
2016	2,272,626	(271,189)	2,001,437
2017	2,374,953	(91,570)	2,283,383
2018	2,436,601	-	2,436,601
2019	2,476,455	-	2,476,455
Thereafter	14,992,367	-	14,992,367
Total	\$ 26,213,240	\$ (494,831)	\$ 25,718,409

Total rent expense for the six months ended June 30, 2014 was \$890,018.

**Lines of Credit**

Share Our Strength has an existing line of credit with a financial institution for a principal amount of up to \$5,000,000. The line is secured by Share Our Strength's personal property and matures on September 23, 2014. Subsequent to June 30, 2014, the maturity date was extended through December 2014. Share Our Strength is required to make monthly interest payments on any outstanding balance. Amounts drawn on this line accrue interest at the bank's prime rate plus 0.75%, but not less than 4.00%, and are payable on demand.

Continued

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Six Months Ended June 30, 2014**

---

7. Commitments

**Lines of Credit (continued)**

The interest rate on the line of credit as of June 30, 2014 was 4.00%. As of June 30, 2014, Share Our Strength had an outstanding balance of \$332,468 under the line of credit agreement.

CWP has an unsecured line of credit with a financial institution for a maximum amount of \$100,000. This line of credit automatically renews on an annual basis and the interest rate is equal to the Wall Street Journal's published prime rate plus 2% (5.25% as of June 30, 2014). No amount was outstanding as of June 30, 2014.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets result from gifts of cash or other assets with donor imposed restrictions. Temporarily restricted net assets are released from restrictions when amounts are expended for the purpose specified or upon expiration of time restrictions. Net assets are restricted for the following purposes and time as of June 30, 2014:

No Kid Hungry	\$ 706,089
Cooking Matters	1,131,607
Other purposes	<u>1,242,428</u>
Total Purpose Restricted	3,080,124
Time Restricted	<u>3,154,933</u>
Total Temporarily Restricted Net Assets	<u>\$ 6,235,057</u>

9. Risks and Contingencies

**Concentration of Credit**

Share Our Strength maintains its cash and cash equivalents with certain commercial financial institutions which aggregate balances may exceed at times the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of June 30, 2014, the balance exceeded the maximum limit insured by the FDIC by approximately \$2,281,000. Share Our Strength monitors the credit worthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Six Months Ended June 30, 2014

---

10. Donated Support

During the six months ended June 30, 2014, Share Our Strength recognized support from in-kind goods and services as follows:

Public service announcements and advertising	\$ 2,332,093
Legal and professional services	79,786
Travel and other	<u>17,500</u>
Total	<u>\$ 2,429,379</u>

Televised and digital public service announcements (PSA's) have been donated to Share Our Strength, primarily from the Food Network, to educate the general public about childhood hunger and to encourage the public to participate in Share Our Strength's No Kid Hungry program. Public service announcements are valued based on the number of times the announcements are played and the period in which the announcements are aired at the network's equivalent rate charged to paying customers. The associated public service announcement expense is recorded in either program service or fundraising expenses in the accompanying consolidated statement of activities based on the purpose and content of the PSA.

Print, web, and television advertising has been donated primarily to publicize Share Our Strength's No Kid Hungry campaign events. The donated advertising is valued based on advertising rates in a similar manner as the public service announcements and is recorded as either program or fundraising expense in the accompanying consolidated statement of activities based on the purpose and content of the advertising.

Donated legal and professional services are included in program service expenses and management and general expenses in the accompanying consolidated statement of activities.

Travel and other donated items include travel stipends and event costs associated with campaign events. These costs are included in program service expense and fundraising in the accompanying consolidated statement of activities.

11. Pension Plan

Share Our Strength sponsors a defined contribution pension plan covering substantially all full-time employees. Employees may elect to defer and contribute to the plan a portion of their compensation in amounts up to the maximum permitted by law. After one year of service, Share Our Strength, Inc. and CWP match elective deferrals up to 3% and 2%, respectively, of compensation. Total pension expense for the six months ended June 30, 2014 was \$123,734.



**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Six Months Ended June 30, 2014**

---

12. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, Share Our Strength is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. Share Our Strength's 2014 unrelated business income was derived from its investments and is not material to these consolidated financial statements taken as a whole.

CWP is subject to federal and state income taxes and files separate federal and applicable state income tax returns. The provision for income taxes consists of the following for the six months ended June 30, 2014:

Current federal income tax provision	\$ -
Current state income tax provision	<u>3,867</u>
Total Current Income Tax Provision	3,867
Deferred income tax provision	<u>69,761</u>
Total Income Tax Expense	<u><u>\$ 73,628</u></u>

This income tax expense is recorded in CWP's program expense in the accompanying consolidated statement of activities.

Under the asset and liability method of accounting for income taxes, deferred tax assets and liabilities are recognized for the future tax consequences attributable to the difference between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carry forwards. The net deferred tax asset consisted of the following as of June 30, 2014:

Deferred tax assets:	
Cumulative net operating losses	\$ 398,485
Deferred tax liabilities:	
Accelerated depreciation	<u>(85,777)</u>
Deferred Tax Asset, Net	<u><u>\$ 312,708</u></u>

CWP's cumulative net operating losses totaled approximately \$1,129,000 as of June 30, 2014, and expire in years 2025 through 2032. CWP's management has determined that CWP's future operations will be able to generate sufficient taxable income to realize the full amount of the deferred tax asset. Therefore, no valuation allowance has been recorded for the deferred tax asset as of June 30, 2014.

In accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*, Share Our Strength has evaluated its income tax positions for the six months ended June 30, 2014, and has determined that it has no material uncertain tax positions. Accordingly, Share Our Strength has not recognized any liability for unrecognized income tax. The statute of limitations for tax years 2011 through 2013 remains open in the major U.S. taxing jurisdictions in which Share Our Strength is subject to taxation.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Six Months Ended June 30, 2014**

---

12. Income Taxes (continued)

It is Share Our Strength's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2014, Share Our Strength had no accrual for interest and/or penalties.

13. Allocation of Joint Costs

In applying the accounting standards related to joint costs of informational materials and activities that include a fundraising appeal, Share Our Strength identified activities as program, management and general, and fundraising in the following categories:

- a. Education and awareness about hunger and food insecurity
- b. Volunteer recruitment, mobilization, and management

Taste of the Nation, No Kid Hungry (NKH) Dinners, the New York City Wine and Food Festival and the like are platforms or vehicles used to accomplish one or more of the programs defined above. As such, the activities performed for each platform may be program-specific, fundraising, management and general, or joint (i.e., a combination of fundraising and program).

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, joint costs of \$1,303,062 relating to Taste of the Nation, No Kid Hungry (NKH) Dinners, and the New York City Wine and Food Festival, for the six months ended June 30, 2014, that included a fundraising appeal, have been allocated among the programs and supporting services benefited. Of these costs, \$413,757 was allocated to programs and \$889,305 was allocated to fundraising.

14. Subsequent Events

In preparing these consolidated financial statements, Share Our Strength has evaluated events and transactions for potential recognition or disclosure as of November 26, 2014, the date the consolidated financial statements were available to be issued.

Subsequent to June 30, 2014, Share Our Strength entered into a sublease agreement as disclosed in Note 7.

Effective October 31, 2014, a memorandum of understanding has been reached between Share Our Strength, A Place at the Table, a D.C. not-for-profit corporation, and MediaVest, Inc., a leading global media specialist agency, to establish a collaboration agreement between the parties. The term of the agreement will be for approximately five years. This collaboration

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Six Months Ended June 30, 2014**

---

14. Subsequent Events (continued)

is planning to develop a large scale media campaign to promote awareness about hunger and lead to a call to action and raise funds for programming efforts to end hunger in the United States of America. A goal of the collaboration is to raise a substantial amount of contributed in-kind media air time to advertise the campaign. This will likely result in a significant increase, compared to prior years, to the amount of in-kind contributions recorded by Share Our Strength on the consolidated statement of activities and the related consolidated statement of functional expenses on an annual basis.

There were no other subsequent events that require recognition or disclosure in the consolidated financial statements.

**SUPPLEMENTAL INFORMATION**

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2014**

	Share Our Strength, Inc.	Community Wealth Partners, Inc. (CWP, Inc.)	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	\$ 837,226	\$ 1,284,201	\$ -	\$ 2,121,427
Cash held by others	1,390,205	-		1,390,205
Accounts receivable, net	251,094	343,107	(26,813)	567,388
Grants and contributions receivable, net	6,780,258	-	-	6,780,258
Prepaid expenses and other assets	1,437,026	45,768	(364,202)	1,118,592
Deferred tax asset	-	312,708	-	312,708
Investments	950,000	-	-	950,000
Investment in CWP, Inc.	985,444	-	(985,444)	-
Property and equipment, net	3,028,134	258,685	-	3,286,819
<b>TOTAL ASSETS</b>	<b>\$ 15,659,387</b>	<b>\$ 2,244,469</b>	<b>\$ (1,376,459)</b>	<b>\$ 16,527,397</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 3,328,324	\$ 233,166	\$ (26,813)	\$ 3,534,677
Grants payable	1,429,986	-	-	1,429,986
Deferred revenue	1,894,524	574,535	(364,202)	2,104,857
Line of credit	332,468			332,468
Capital lease obligation	-	8,224	-	8,224
Notes payable	-	59,636	-	59,636
Deferred rent and leasehold incentives	3,827,919	383,464	-	4,211,383
<b>TOTAL LIABILITIES</b>	<b>10,813,221</b>	<b>1,259,025</b>	<b>(391,015)</b>	<b>11,681,231</b>
<b>Net Assets</b>				
Unrestricted	(1,388,891)	-	-	(1,388,891)
Temporarily restricted	6,235,057	-	-	6,235,057
<b>TOTAL NET ASSETS</b>	<b>4,846,166</b>	<b>-</b>	<b>-</b>	<b>4,846,166</b>
<b>STOCKHOLDER'S EQUITY</b>				
Common stock - no par; 10,000 shares authorized, par value .01; issued and outstanding, 100 shares	-	1	(1)	-
Additional paid-in-capital	-	1,671,343	(1,671,343)	-
Retained earnings	-	(685,900)	685,900	-
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>-</b>	<b>985,444</b>	<b>(985,444)</b>	<b>-</b>
<b>TOTAL NET ASSETS</b>	<b>4,846,166</b>	<b>985,444</b>	<b>(985,444)</b>	<b>4,846,166</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 15,659,387</b>	<b>\$ 2,244,469</b>	<b>\$ (1,376,459)</b>	<b>\$ 16,527,397</b>

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Six Months Ended June 30, 2014

	Share Our Strength			Community Wealth Partners, Inc.	Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted		
<b>REVENUE AND SUPPORT</b>						
Corporate sponsorships, contributions and partners	\$ 4,326,967	\$ 2,654,971	\$ 6,981,938	\$ -	\$ -	\$ 6,981,938
Foundation grants and contributions	786,064	2,042,894	2,828,958	-	-	2,828,958
In-kind contributions - public service announcements (PSAs) and advertising	2,332,093	-	2,332,093	-	-	2,332,093
In-kind contributions - other	97,286	-	97,286	-	-	97,286
Consulting revenue	-	-	-	1,790,814	(142,671)	1,648,143
Individual contributions	1,253,445	20,868	1,274,313	-	-	1,274,313
Government grants	1,029,082	-	1,029,082	-	-	1,029,082
Event ticket sales	975,248	-	975,248	-	-	975,248
Auction revenue	625,461	-	625,461	-	-	625,461
Other	610,667	-	610,667	12	(3,000)	607,679
Bake sales	112,754	-	112,754	-	-	112,754
Interest income	13,906	-	13,906	3	-	13,909
Net assets released from restrictions:						
Satisfaction of purpose restrictions	4,542,139	(4,542,139)	-	-	-	-
Satisfaction of time restrictions	2,052,254	(2,052,254)	-	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>18,757,366</b>	<b>(1,875,660)</b>	<b>16,881,706</b>	<b>1,790,829</b>	<b>(145,671)</b>	<b>18,526,864</b>
<b>EXPENSES</b>						
<b>Program Services:</b>						
Anti-Hunger, Anti-Poverty Initiatives, including in-kind PSAs and advertising of \$1,326,568	15,578,613	-	15,578,613	-	(142,671)	15,435,942
Community Wealth Partners	-	-	-	1,664,166	(3,000)	1,661,166
<b>Total Program Services</b>	<b>15,578,613</b>	<b>-</b>	<b>15,578,613</b>	<b>1,664,166</b>	<b>(145,671)</b>	<b>17,097,108</b>
<b>Supporting Services:</b>						
Management and general	1,801,048	-	1,801,048	-	-	1,801,048
Fundraising:						
New York City Wine and Food Festival, including in-kind PSAs and advertising of \$171,175	923,972	-	923,972	-	-	923,972
Other, including in-kind PSAs and advertising of \$834,350	4,910,649	-	4,910,649	-	-	4,910,649
Direct donor benefits	127,978	-	127,978	-	-	127,978
<b>Total Supporting Services</b>	<b>7,763,647</b>	<b>-</b>	<b>7,763,647</b>	<b>-</b>	<b>-</b>	<b>7,763,647</b>
<b>TOTAL EXPENSES</b>	<b>23,342,260</b>	<b>-</b>	<b>23,342,260</b>	<b>1,664,166</b>	<b>(145,671)</b>	<b>24,860,755</b>
<b>CHANGE IN NET ASSETS BEFORE OTHER ITEMS</b>	<b>(4,584,894)</b>	<b>(1,875,660)</b>	<b>(6,460,554)</b>	<b>126,663</b>	<b>-</b>	<b>(6,333,891)</b>
<b>OTHER ITEMS</b>						
Equity in earnings of subsidiary	126,663	-	126,663	-	(126,663)	-
<b>CHANGE IN NET ASSETS AFTER OTHER ITEMS</b>	<b>(4,458,231)</b>	<b>(1,875,660)</b>	<b>(6,333,891)</b>	<b>126,663</b>	<b>(126,663)</b>	<b>(6,333,891)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,069,340</b>	<b>8,110,717</b>	<b>11,180,057</b>	<b>858,781</b>	<b>(858,781)</b>	<b>11,180,057</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ (1,388,891)</b>	<b>\$ 6,235,057</b>	<b>\$ 4,846,166</b>	<b>\$ 985,444</b>	<b>\$ (985,444)</b>	<b>\$ 4,846,166</b>

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES  
For the Six Months Ended June 30, 2014

	Program Services			Supporting Services					Total
	Anti-Hunger, Anti-Poverty Initiatives	Community Wealth Partners	Total Program Services	Management and General	Fundraising		Direct Donor Benefits	Eliminations	
					NYCWFF	Other			
Salaries, benefits and payroll taxes	\$ 5,483,049	\$ 1,246,427	\$ 6,729,476	\$ 1,125,569	\$ 190,000	\$ 2,196,771	\$ -	\$ (3,000)	\$ 10,238,816
Grants	4,317,385	-	4,317,385	-	-	-	-	-	4,317,385
Meetings and events	1,723,912	9,385	1,733,297	41,222	406,570	602,639	127,978	-	2,911,706
In-kind public service announcements and advertising	1,326,568	-	1,326,568	-	171,175	834,350	-	-	2,332,093
Consulting and professional services	838,496	46,979	885,475	324,220	3,152	232,975	-	(142,671)	1,303,151
Rent	493,756	122,347	616,103	81,473	20,024	172,418	-	-	890,018
Travel	363,198	68,667	431,865	33,812	28,348	163,874	-	-	657,899
Printing, design and production	370,951	38,050	409,001	56,200	34,183	321,843	-	-	821,227
Office and telecommunications	306,259	4,344	310,603	30,886	4,722	147,720	-	-	493,931
Equipment maintenance	176,598	943	177,541	28,974	6,034	70,123	-	-	282,672
Depreciation and amortization	146,044	30,148	176,192	26,762	-	55,855	-	-	258,809
Fees and licenses	1,472	2,470	3,942	43,633	59,193	93,195	-	-	199,963
Taxes, marketing and miscellaneous	-	93,319	93,319	-	-	-	-	-	93,319
Postage	30,776	565	31,341	8,266	571	18,821	-	-	58,999
Interest expense	149	522	671	31	-	65	-	-	767
Total	<u>\$ 15,578,613</u>	<u>\$ 1,664,166</u>	<u>\$ 17,242,779</u>	<u>\$ 1,801,048</u>	<u>\$ 923,972</u>	<u>\$ 4,910,649</u>	<u>\$ 127,978</u>	<u>\$ (145,671)</u>	<u>\$ 24,860,755</u>