WhyHunger, Inc.

FINANCIAL STATEMENTS

December 31, 2016

Sheehan
& COMPANY

TABLE OF CONTENTS

Sheehan & COMPANY

437 Madison Avenue, 29th Floor
New York, NY 10022 • 212.962.4470

165 Orinoco Drive, Brightwaters, NY 11718
631.665.7040 • Fax: 631.665.7014

15 South Bayles Avenue, Port Washington, NY 11050
516.883.5510 • Fax: 516.767.7438

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

www.sheehancpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WhyHunger, Inc.

We have audited the accompanying financial statements of WhyHunger, Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WhyHunger, Inc. as of December 31, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sheehan & Company CPA, P.C.

Brightwaters, New York
April 28, 2017

WhyHunger, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Current assets:	
Cash and cash equivalents	$ 345,178
Investments at fair value	572,241
Contributions receivable, current	971,616
Prepaid and other assets	76,855
Total current assets	1,965,890
Long-term assets:	
Fixed assets, net	8,188
Intangible assets, net	65,413
Contributions receivable, long-term	20,000
Total long-term assets	93,601
Total assets	$ 2,059,491

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and other liabilities	$ 138,099
Grants payable	177,943
Total current liabilities	316,042
Net assets:	
Unrestricted:	
Operating	425,436
Board designated fund	482,028
Total unrestricted	907,464
Temporarily restricted	735,985
Permanently restricted	100,000
Total net assets	1,743,449
Total liabilities and net assets	$ 2,059,491

The accompanying notes are an integral
part of these financial statements

WhyHunger, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Individual contributions	$ 175,285	$ 47,500	$ -	$ 222,785
Foundation grants and corporate donations	692,842	519,228	-	1,212,070
Artists Against Hunger and Poverty/Hungerthon	1,043,613	-	-	1,043,613
Special events, net expenses of $136,361	324,731	-	-	324,731
Royalty income	65,711	66,860	-	132,571
Realized and unrealized gains on investments	39,983	8,624	-	48,607
Interest and other income (expense), net of investment fees of $7,281	1,029	(245)	-	784
Net assets released from restrictions	339,280	(339,280)	-	-
Total revenue and support	2,682,474	302,687	-	2,985,161
Expenses:				
Program services:				
Grassroots Action Network	198,626	-	-	198,626
Artists Against Hunger and Poverty/Hungerthon	556,323	-	-	556,323
Nourish	707,708	-	-	707,708
Global Movements	604,235	-	-	604,235
General Media for Program Services	438,799	-	-	438,799
Total program services	2,505,691	-	-	2,505,691
Support services:				
Fundraising	209,756	-	-	209,756
Management and general	242,998	-	-	242,998
Total support services	452,754	-	-	452,754
Total expenses	2,958,445	-	-	2,958,445
Change in net assets	(275,971)	302,687	-	26,716
Net assets, beginning of year	1,183,435	433,298	100,000	1,716,733
Net assets, end of year	$ 907,464	$ 735,985	$ 100,000	$ 1,743,449

The accompanying notes are an integral part of these financial statements

WhyHunger, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Program Services						Supporting Services			
	Grassroots Action Network	**Artists Against Hunger and Poverty/ Hungerthon**	**Nourish**	**Global Movements**	**General Media for Program Services**	**Total Program Services**	**Fundraising**	**Management and General**	**Total Supporting Services**	**Total**
Salaries and related expenses:										
Salaries	$ 81,415	$ 281,002	$ 255,788	$ 224,802	$ 234,523	$ 1,077,530	$ 94,781	$ 65,618	$ 160,399	$ 1,237,929
Payroll taxes and employee benefits	15,922	54,955	50,024	43,964	45,865	210,730	18,536	12,833	31,369	242,099
Total salaries and related expenses	97,337	335,957	305,812	268,766	280,388	1,288,260	113,317	78,451	191,768	1,480,028
Other expenses:										
Professional and contract	11,541	58,629	75,816	18,076	60,882	224,944	42,306	2,979	45,285	270,229
Postage and shipping	206	17,304	627	630	575	19,342	267	161	428	19,770
Office supplies	1,519	6,297	4,615	4,683	17,095	34,209	12,239	1,165	13,404	47,613
Telephone	2,353	6,069	5,084	4,534	4,709	22,749	1,884	1,304	3,188	25,937
Occupancy	8,148	28,121	25,598	22,497	23,470	107,834	9,485	6,567	16,052	123,886
Staff travel	6,822	2,526	10,374	11,203	972	31,897	2,328	133	2,461	34,358
Printing and publications	159	1,057	613	4,095	120	6,044	3,456	34.000	3,490	9,534
Equipment rentals	469	1,620	1,474	1,296	1,352	6,211	546	378	924	7,135
Dues, fees and subscription	1,792	4,355	4,544	4,777	10,701	26,169	2,468	1,017	3,485	29,654
Conference and meetings	941	593	17,874	7,586	590	27,584	200	138	338	27,922
Grants, awards and donations	53,046	-	130,360	219,289	-	402,695	-	-	-	402,695
Bank charges and interest	246	11,776	772	679	708	14,181	4,351	198	4,549	18,730
Insurance	1,355	4,677	4,257	3,742	3,903	17,934	1,578	1,092	2,670	20,604
Advertising	40	345	84,663	111	1,190	86,349	114	32	146	86,495
Repairs and maintenance	527	1,817	1,654	1,454	1,517	6,969	613	424	1,037	8,006
Program supplies	-	34,678	-	-	-	34,678	649	-	649	35,327
Meals and entertainment	1,575	2,391	713	1,923	554	7,156	1,814	125	1,939	9,095
Miscellaneous	583	3,711	1,545	1,374	1,363	8,576	538	766	1,304	9,880
Write-off of asset	-	-	-	-	-	-	-	140,000	140,000	140,000
Total expenses before depreciation and amortization	188,659	521,923	676,395	576,715	410,089	2,373,781	198,153	234,964	433,117	2,806,898
Depreciation and amortization	9,967	34,400	31,313	27,520	28,710	131,910	11,603	8,034	19,637	151,547
Total expenses	$ 198,626	$ 556,323	$ 707,708	$ 604,235	$ 438,799	$ 2,505,691	$ 209,756	$ 242,998	$ 452,754	$ 2,958,445

The accompanying notes are an integral part of these financial statements

WhyHunger, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

Cash flows from operating activities:	
Change in net assets	$ 26,716
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	151,547
Write-off of asset	140,000
Realized gain on sale of investments	(41,435)
Unrealized gain on investments	(7,172)
Donated stocks	(16,026)
Decrease (increase) in assets:	
Contributions receivable	(69,566)
Prepaid and other assets	(34,529)
Increase (decrease) in liabilities:	
Accounts payable and other liabilities	52,300
Grants payable	39,394
Net cash provided by operating activities	241,229
Cash flows from investing activities:	
Proceeds from sales of investments	174,031
Purchases of investments	(254,082)
Net cash used by investing activities	(80,051)
Cash flows from financing activities:	
Proceeds from line of credit	130,350
Principal payments of line of credit	(206,416)
Net cash used by financing activities	(76,066)
Net increase in cash and cash equivalents	85,112
Cash and cash equivalents, beginning of year	260,066
Cash and cash equivalents, end of year	$ 345,178
Supplemental disclosure of cash flow information:	
Cash paid for interest	$ 252

The accompanying notes are an integral part of these financial statements

WhyHunger, Inc.

NOTES TO FINANCIAL STATEMENTS

1. Nature of the Organization:

WhyHunger, Inc. (WhyHunger) was founded in 1975 by singer/songwriter Harry Chapin and the former Executive Director, Bill Ayres, as World Hunger Year, Inc. On April 24, 2015, WhyHunger amended its certificate of incorporation to change its name from World Hunger Year, Inc. to WhyHunger, Inc.

WhyHunger is a leader in building the movement to end hunger and poverty by connecting people to nutritious, affordable food and by supporting grassroots solutions that inspire self-reliance and community empowerment. WhyHunger programs include Grassroots Action Network, Artists Against Hunger and Poverty/Hungerthon, Nourish, Global Movements and General Media for Program Services.

2. Summary of significant accounting policies:

Basis of presentation: The financial statements of WhyHunger have been prepared on the accrual basis of accounting.

Financial statement presentation: The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in the Statement of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statement of Activities.

These classes are defined as follows:

> **Permanently restricted:** Net assets resulting from contributions and other inflows of assets whose use by WhyHunger is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of WhyHunger. At December 31 2016, WhyHunger had permanently restricted net assets of $100,000.
>
> **Temporarily restricted net assets:** Net assets resulting from contributions and other inflows of assets whose use by WhyHunger is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of WhyHunger pursuant to those stipulations. When such stipulations end or are fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities. At December 31, 2016, WhyHunger had temporarily restricted net assets of $735,985.

2. **Summary of significant accounting policies (continued):**

Financial statement presentation (continued):

Unrestricted - Board designated fund: Net assets consisting of all monies or assets contributed to WhyHunger, which are designated for future programs by the Board of Directors. At December 31, 2016, WhyHunger had Board designated unrestricted net assets of $482,028.

Unrestricted - operating: The part of net assets that is neither permanently nor temporarily restricted by donor imposed stipulations. Unrestricted - operating net assets consists of unrestricted net assets not otherwise Board designated for a specific purpose.

Cash and cash equivalents: WhyHunger considers all cash and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments at fair value: Investments consist of common stocks which are adjusted to their fair market value at the Statement of Financial Position date, resulting in either an unrealized gain or loss.

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Fair value measurements and disclosures: Accounts Standards Codification (ASC) 820, *Fair Value Measurement*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

ASC 820 defines fair value as the price to sell an asset or transfer a liability (i.e., the exit price) in an orderly transaction between market participants. Additionally, ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset developed based on market data obtained from sources independent of WhyHunger. Unobservable inputs are inputs that reflect WhyHunger's assumptions about the assumptions market participants would use in pricing the asset based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

2. Summary of significant accounting policies (continued):

Fair value measurements and disclosures (continued):

Level 1 - Observable inputs are unadjusted, quoted prices for identical assets or liabilities in active market at the measurement date. Level 1 securities include highly liquid U.S. Treasury securities, certain commons stocks and mutual funds.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date. Most debt securities, preferred stocks, certain equity securities, short-term investments and derivatives are model priced using observable inputs and are classified as Level 2.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Examples of Level 3 assets include investments in limited partnerships.

There are no financial assets or liabilities classified as Level 2 or 3 other than the intangible assets described in Note 7 that are designated as Level 3 assets under the fair value hierarchy described above.

The following table presents the changes in Level 3 investments measured at fair value on a non-recurring basis as of December 31, 2016:

	Software & Technology
Balance, net, January 1, 2016	$ 350,422
Amortization	(145,009)
Write-off of asset	(140,000)
Balance, net, December 31, 2016	$ 65,413

Endowment: WhyHunger follows the provisions of the "Not-for-Profit Entities Topic" of ASC 958, related to enhanced disclosures for endowment funds. On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). WhyHunger classifies the portion of the donor restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restriction) until appropriated for expenditure by WhyHunger. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to unrestricted net assets would not occur until the purpose restriction also has been met.

WhyHunger, Inc.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Provisions for doubtful accounts: WhyHunger does not provide an allowance for doubtful accounts. Doubtful accounts are written off as they are deemed by management to be uncollectible. All receivables, as stated in the financial statements, are deemed by WhyHunger's management to be fully collectible.

Contributions and promises to give: Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Contributions with donor imposed restrictions that are met in the same accounting period are recorded as unrestricted revenue.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated services and materials: Donated stock is recorded at its fair market value at the time of the donation. Where measurable, gifts in-kind are recorded at their fair market value. During the year ended December 31, 2016, WhyHunger received donated radio air time in connection with its Hungerthon event. The fair market value of this donated air time was not measurable and, therefore the donation is not recognized in the accompanying Statement of Activities.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. Volunteers provided various services throughout the year to WhyHunger that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Advertising: Advertising is charged to expense as incurred. At December 31, 2016, WhyHunger received donated web-based advertising valued at $85,815.

Royalty income: Royalty income consists of income earned by WhyHunger from non-related parties. These royalties include funds raised for WhyHunger by the sale of certain merchandise.

Fixed assets: Fixed assets are stated at cost. WhyHunger capitalizes expenditures for additional, renewals and betterments. Depreciation is computed over the estimated useful lives of the assets by the straight-line method for financial reporting as follows:

2. Summary of significant accounting policies (continued):

Fixed assets (continued):

Furniture and fixtures	5-7 years
Computer and office equipment	5 years
Leasehold improvements	5 years

Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives of the related assets.

Intangible assets: Intangible assets subject to amortization include software and technology assets, which are being amortized on a straight-line method over five years.

Grants payable: Grants authorized but unpaid at year-end are reported as liabilities. All grants payable are classified as current on the Statement of Financial Position.

Deferred revenue: Revenue related to receipts collected prior to the occurrence of special events is deferred and recognized in the period in which the special event is held. WhyHunger recorded no deferred revenue at December 31, 2016.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Common costs incurred for the administration of the various programs are allocated directly to the respective programs as incurred and/or utilizing predetermined allocation rates established by management. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes: WhyHunger was incorporated in the State of New York and is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, WhyHunger has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2016.

ASC 740 requires that organizations must recognize the tax impact of a tax position taken on a tax return when it is more likely than not that the position will not be sustained on audit, based on the technical merits of the position. WhyHunger does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability

WhyHunger, Inc.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Income taxes (continued):

for unrecognized tax benefits. WhyHunger has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, WhyHunger has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended December 31, 2016, there was no interest or penalties recorded or included in the Statement of Activities. WhyHunger is subject to routine audits by a taxing authority. Management believes it is no longer subject to income tax examinations for tax years prior to 2013.

Use of estimates: In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk: Financial instruments, which potentially subject WhyHunger to concentration of credit risk, consist primarily of cash and cash equivalents. At times, WhyHunger has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Subsequent events: Subsequent events have been evaluated through April 28, 2017 which is the date the financial statements were available to be issued.

3. Investments at fair value:

Investments at December 31, 2016 at fair value are summarized below:

	Cost	Fair Value
Common stocks	$467,628	$572,241

The fair value of the investments detailed above is determined by reference to market quotations at December 31, 2016.

The investments are managed by professional investment advisors and managers.

3. Investments at fair value (continued):

WhyHunger's holdings in equities consist entirely of common stock securities which are carried at their aggregate market values as determined by the quoted market prices at the end of each business day. WhyHunger includes these prices in the amounts disclosed in Level 1 of the hierarchy. The following table presents WhyHunger's assets at December 31, 2016 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stocks	$572,241	$572,241	$ -	$ -

4. Contributions receivable:

Conditional promises to give are not recognized in the financial statements until the underlying conditions are substantially met. In April 2014, WhyHunger received a five year conditional promise to give totaling $750,000. During the year ending December 31, 2016, WhyHunger recognized contributions of $150,000 related to this promise. To date, total contributions of $410,000 have been recognized related to this promise as the underlying administrative conditions were substantially met.

Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The present value of future cash flows of the WhyHunger long-term receivables mirrors face value, accordingly no discount is recorded. Unconditional promises to give recorded at December 31, 2016, along with the expected maturity date of the gifts, is as follows:

Unconditional promises to give	$991,616
Amounts due in:	
Less than one year	$971,616
One to five years	17,000
More than five years	3,000
Total	$991,616

5. Prepaid and other assets:

Included in prepaid and other assets are various autographed musical instruments and other memorabilia for future fundraising auction donations, security deposits and prepaid insurance. At December 31, 2016, the total balance of prepaid and other assets was $76,855. Of this amount, $39,287 pertains to the autographed musical instruments and other memorabilia.

6. Fixed assets, net:

Fixed assets, net consist of the following at December 31, 2016:

Furniture and fixtures	$ 80,164
Computer and office equipment	63,694
Leasehold improvements	20,609
	164,467
Less accumulated depreciation	156,279
Fixed assets, net	$ 8,188

Depreciation expense for the year ended December 31, 2016 totaled $6,538 and is included within depreciation and amortization on the Statement of Functional Expenses.

7. Intangible assets, net:

Intangible assets, net consist of the following at December 31, 2016:

Software and technology	$611,597
Less accumulated amortization	549,184
Intangible assets, net	$ 65,413

Amortization expense for the year ended December 31, 2016 totaled $145,009 and is included within depreciation and amortization on the Statement of Functional Expenses.

Estimated amortization expense over future years is as follows:

Year Ending December 31,	Amount
2017	$40,352
2018	18,085
2019	4,650
2020	2,326
Total	$65,413

7. Intangible assets, net (continued):

During the year ended December 31, 2016 WhyHunger reviewed its intangible assets for impairment and as a result determined certain web-based applications to be impaired due to diminishing cash flows. Gross value of $400,000 related to these applications has been written off and as a result, $140,000 is recognized as a write off of asset within management and general expense in the accompanying Statement of Activities.

8. Line of credit:

WhyHunger has a line of credit with a financial institution in the amount of $300,000. The line was renewed on February 24, 2017 extending the maturity date through June 30, 2017. The line of credit is secured by WhyHunger's assets and interest is charged on any outstanding balances at prime (3.75% at December 31, 2016) plus one percentage point and is never to be less than 5%. At December 31, 2016, outstanding borrowings under this line totaled $-0-.

9. Commitments:

In January 2017, WhyHunger renewed its lease for office space, extending the term through January 2022. WhyHunger also leases various copier and computer machines with terms through May 2018. Minimum future annual rentals are approximately as follows:

Year Ending December 31,	Amount
2017	$153,000
2018	147,000
2019	145,000
2020	150,000
2021	154,000
Thereafter	13,000
Total	$762,000

For the year ended December 31, 2016 rent expense for the WhyHunger office lease was $123,886, copier rent expense was $1,540 and computer rent expense was $17,565 which is reflected within occupancy expense, equipment rentals expense, and office supplies expense, respectively, on the Statement of Functional Expenses.

WhyHunger, Inc.

NOTES TO FINANCIAL STATEMENTS

10. Board designated fund:

In 1995, certain members of the Board of Directors, in their individual capacities, undertook to establish an unrestricted Board designated fund for the benefit of WhyHunger. In June 2016 the Board established this fund as the WhyHunger Harry Chapin Endowment Fund. Since this amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

11. Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes at December 31, 2016:

Nourish program	$200,000
U.S. Food Sovereignty Alliance	32,401
Program expenses, including re-granting of funds	468,205
Total program	700,606
Unappropriated endowment funds	8,379
Time restriction	27,000
Total	$735,985

12. Net assets released from restrictions:

During the year ended December 31, 2016, temporarily restricted net assets were released for the following purposes:

Nourish program	$225,000
U.S. Food Sovereignty Alliance	12,509
Program expenses, including re-granting of funds	94,271
Total program	331,780
Time Restriction	7,500
Total	$339,280

13. Endowment:

WhyHunger's endowment consists of donor-restricted and board designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

13. Endowment (continued):

Permanently restricted endowment net assets of $100,000 are held in perpetuity at December 31, 2016, the distributions from which are to be used to the extent available and necessary to provide support for an annual concert intended to raise awareness about hunger, health, and other important issues, as well as the work of WhyHunger and its chosen community partner.

Interpretation of the relevant law: The spending of endowment funds by a not-for-profit foundation in the State of New York is currently governed by NYPMIFA. WhyHunger has interpreted NYPMIFA 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. WhyHunger classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

In accordance with NYPMIFA, WhyHunger considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of WhyHunger and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of WhyHunger, (7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on WhyHunger, and (8) the investment policy of WhyHunger.

Investment return objectives, risk parameters, strategies and spending policy: WhyHunger follows an investment policy, approved for all investments including endowment assets. According to WhyHunger policy, endowment funds shall be invested with the objective of preserving the long-term real purchasing power of the funds' assets while realizing appropriate investment income. Endowment fund assets may be invested in certificates of deposit, Treasury bills, commercial paper, bankers acceptances, repurchase agreements, mutual funds, exchange traded funds, equities (including common stock, preferred stock, convertible securities and other equities, whether traded on an exchange or not publicly traded), fixed income securities, real estate, commodities, natural-resource related stock, hedge funds, derivatives, alternate investment vehicles

13. Endowment (continued):

Investment return objectives, risk parameters, strategies and spending policy (continued):

and, as to an appropriate portion, cash equivalent investments. The asset allocation of each of the endowment funds shall be determined from time to time by the Board of Directors, in consultation with any managers or advisors if desired (unless the Board delegates such task to an external manager), which allocation shall reflect a proper balance of the endowment fund's investment objective, any risk tolerance standard and the need for liquidity.

Investments of each endowment fund are to be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, specific maturity, specific issuer or sector unless the Board of Directors prudently determines that, because of special circumstances, the purposes of the fund are better served without diversification. The Board of Directors will also review from time to time WhyHunger's arrangements with any investment managers, investment advisors, custodians and the banks and other entities with which WhyHunger maintains its financial assets to ensure that the costs and fees associated with each such arrangement are appropriate and reasonable in relation to the assets, WhyHunger's purposes and the skills available.

As of December 31, 2016 WhyHunger had not appropriated any amounts for expenditure. It is understood that spending of the donor-restricted endowment is to be limited to market appreciation on the original funds contributed. In the event that the endowment account's market value is below the value of the original amount contributed, spending will cease until such a time when the account has recovered its original value through market appreciation. The income and/or gain earned by the unrestricted, Board designated endowment fund, after the fund reaches an intended goal of $600,000, will be considered unrestricted revenue and may be distributed as general support revenue for WhyHunger's programs.

Endowment net asset composition as of December 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 8,379	$ 100,000	$ 108,379
Board-desgnated endowment funds	482,028	-	-	482,028
Total funds	$ 482,028	$ 8,379	$ 100,000	$ 590,407

13. Endowment (continued):

Changes in endowment net assets as of December 31, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year (A)	$ 441,016	$ -	$ 100,000	$ 541,016
Net investment income (expense)	1,029	(245)	-	784
Net appreciation	39,983	8,624	-	48,607
Endowment net assets, end of year	$ 482,028	$ 8,379	$ 100,000	$ 590,407

(A) In June 2016 the WhyHunger Board of Directors passed a resolution establishing its Board designated fund as the WhyHunger Harry Chapin Endowment Fund. WhyHunger also received permanently restricted contributions of $100,000 during 2016 which had been promised in 2015 and were recorded as a receivable at December 31, 2015.

14. Pension plan:

WhyHunger's defined contribution pension plan was established in 1993 under Section 403(b) of the Code. All employees, excluding those who normally work less than 20 hours per week, are eligible to participate in the pension plan upon date of hire. Participating employees contribute to the plan in the form of semi-monthly contributions (subject to annual Internal Revenue Service limitations). The plan provision called for an employer contribution of 5% of compensation after two years of service on a monthly basis. However, as of September 15, 2013, the plan was amended to change the non-elective contribution formula to a discretionary contribution. During the year ended December 31, 2016, WhyHunger did not make a discretionary contribution to the plan and did not recognize any pension expense.

15. Related parties:

During the year ended December 31, 2016, WhyHunger contracted with a printing company owned by one Board member and incurred expense of $3,784 for printing services related to the annual gala. During 2016 WhyHunger also incurred legal expense of $3,525 to a law firm owned by another Board member.