SHARE OUR STRENGTH
NO KID HUNGRY

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

Consolidated Financial Statements and Supplemental Information

For The Year Ended December 31, 2011

and
Report Thereon

Reports Required in Accordance with Office of Management and Budget Circular A-133

For the Year Ended December 31, 2011

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

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For the Year Ended December 31, 2011

INDEPENDENT AUDITOR'S REPORT

RAFFA

CONSULTING
ACCOUNTING
TECHNOLOGY

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

We have audited the accompanying consolidated statement of financial position of Share Our Strength, Inc. and subsidiary (SOS) as of December 31, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of SOS's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SOS's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Share Our Strength, Inc. and subsidiary as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the consolidated financial statements, SOS restated its net assets balance as of January 1, 2011 to correct an error in the recording of grants payable and deferred rent as of December 31, 2010. We audited the adjustments necessary to correct the error. In our opinion, such adjustments are appropriate and have been properly applied. Also as discussed in Note 12 to the consolidated financial statements, SOS changed its method of accounting for sponsorships in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2012, on our consideration of SOS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

Continued

financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the consolidating statements of financial position and activities is 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 it is not a required part of the consolidated financial statements. The consolidating schedule of functional expenses is also presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 basic 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 basic consolidated financial statements as a whole.

Raffa, P.C.

RAFFA, P.C.

Washington, DC
September 24, 2012

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2011

ASSETS	
Cash and cash equivalents	$ 6,953,697
Accounts receivable, net	101,783
Grants and contributions receivable, net	7,938,791
Deferred income tax benefit	386,406
Prepaid expenses and other assets	495,788
Property and equipment, net	755,705
TOTAL ASSETS	$ 16,632,170
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 2,190,488
Grants payable	429,873
Deferred revenue	481,731
Capital lease obligation	19,633
Notes payable	100,000
Deferred rent and leasehold incentives	484,918
TOTAL LIABILITIES	3,706,643
Net Assets	
Unrestricted	1,909,114
Temporarily restricted	11,016,413
TOTAL NET ASSETS	12,925,527
TOTAL LIABILITIES AND NET ASSETS	$ 16,632,170

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

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
In-kind contributions - public service announcements (PSAs)	$ 23,797,074	$ -	$ 23,797,074
In-kind contributions - other	2,337,403	-	2,337,403
Corporate sponsorships, contributions and partners	11,570,064	4,470,236	16,040,300
Foundation grants and contributions	1,895,226	7,549,267	9,444,493
Event ticket sales	4,866,776	-	4,866,776
Individual contributions	3,146,475	-	3,146,475
Consulting revenue	1,710,089	-	1,710,089
Auction revenue	1,618,615	-	1,618,615
Government grants	950,714	-	950,714
Bake sales	620,492	-	620,492
Other	1,149,682	-	1,149,682
Investment income	3,798	-	3,798
Net assets released from restrictions:			
Satisfaction of purpose restrictions	6,336,507	(6,336,507)	-
Satisfaction of time restrictions	1,600,000	(1,600,000)	-
TOTAL REVENUE AND SUPPORT	61,602,915	4,082,996	65,685,911
EXPENSES			
Program Services:			
Anti-Hunger, Anti-Poverty Initiatives, including in-kind PSAs of $23,797,074	44,069,536	-	44,069,536
Community Wealth	2,225,789	-	2,225,789
Total Program Services	46,295,325	-	46,295,325
Supporting Services:			
Management and general	3,823,493	-	3,823,493
Fundraising	10,257,047	-	10,257,047
Direct donor benefits	584,198	-	584,198
Total Supporting Services	14,664,738	-	14,664,738
TOTAL EXPENSES	60,960,063	-	60,960,063
CHANGE IN NET ASSETS	642,852	4,082,996	4,725,848
NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY STATED	352,088	4,958,417	5,310,505
Prior period adjustments	914,174	1,975,000	2,889,174
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	1,266,262	6,933,417	8,199,679
NET ASSETS, END OF YEAR	$ 1,909,114	$ 11,016,413	$ 12,925,527

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 Year Ended December 31, 2011
Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 4,725,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	102,121
Loss on disposal of property and equipment	3,697
Provision for bad debt expense	153,827
Donated investments	(37,237)
Leasehold improvements acquired through lease incentive	(237,941)
Changes in assets and liabilities:	
Accounts receivable	2,534,150
Grants and contributions receivable	(4,424,736)
Deferred income taxes benefit	(78,564)
Prepaid expenses and other assets	(193,974)
Accounts payable and accrued expenses	465,707
Grants payable	(1,345,138)
Deferred revenue	(1,283,944)
Deferred rent and leasehold incentives	292,794
NET CASH PROVIDED BY OPERATING ACTIVITIES	676,610
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from the sale of donated investments	37,237
Purchases of property and equipment	(574,762)
NET CASH USED IN INVESTING ACTIVITIES	(537,525)
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings on notes payable	100,000
Principal repayments on capital lease obligation	(2,864)
NET CASH PROVIDED BY FINANCING ACTIVITIES	97,136
NET INCREASE IN CASH AND CASH EQUIVALENTS	236,221
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,717,476
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,953,697
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash payments for interest	$ 350
Cash payments for income taxes	$ 2,101
NONCASH INVESTING AND FINANCING ACTIVITIES	
Leasehold improvements acquired through lease incentive	$ 237,941
Purchased equipment financed with capital lease obligation	$ 22,497
Donated investments	$ 37,237

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

1. Organization and Summary of Significant Accounting Policies

Organization

Share Our Strength, Inc. is one of the nation's leading anti-hunger organizations. Through its No Kid Hungry Campaign™, a national effort to end childhood hunger in America by 2015, Share Our Strength ensures children in need are enrolled in federal nutrition programs, invests in community organizations fighting hunger, teaches families how to cook healthy meals on a budget, and builds public-private partnerships to end hunger, both nationally and at the state level. To support these efforts, Share Our Strength raises funds in multiple ways, from mobilizing volunteer led special events across the country, to developing cause-related marketing ventures, and securing corporate sponsorships.

Community Wealth Ventures, Inc. (CWV), a wholly-owned for-profit subsidiary of Share Our Strength, was incorporated on March 31, 1997, in the state of Delaware. CWV principally provides consulting, technical assistance and information services to nonprofit organizations, foundations, government grant makers and corporations. CWV assists nonprofit organizations interested in creating new sources of revenue that will help them achieve their social mission.

Principles of Consolidation

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

Basis of Accounting

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.

Cash and Cash Equivalents

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

Accounts Receivable and Grants and Contracts 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 known, 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.

Continued

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

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 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

SOS 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 December 31, 2011 are included in grants payable in the accompanying consolidated statement of financial position. All grants payable are due within one year.

Net Assets

The net assets of SOS are classified as follows:

- Unrestricted net assets represent funds that are available for support of SOS'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 and contributions 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.

Continued

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

Support and Revenue Recognition (continued)

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 and advertising.

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.

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.

Continued

2. Accounts Receivable

Accounts receivable primarily consists of amounts due from consulting engagements and is shown in the accompanying consolidated statement of financial position net of an allowance for doubtful accounts totaling $100,264 as of December 31, 2011.

3. Grants and Contributions Receivable

Grants and contributions receivable are due as follows as of December 31, 2011:

Amounts due in:	
Less than one year	$ 7,633,298
One to five years	375,000
Total Grants and Contributions Receivable	8,008,298
Less: Unamortized Discount	(15,945)
Subtotal	7,992,353
Less: Allowance for doubtful accounts	(53,562)
Grants and Contributions Receivable, Net	$ 7,938,791

Of the gross grants and contributions receivable balance, $4,157,229, or 52%, is due from five separate donors. Certain future grant and contribution payments, which have been promised to SOS 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. These conditional payments, totaling $3,275,000 as of December 31, 2011, are not included in grants and contributions receivable due to the condition.

4. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consists of the following as of December 31, 2011:

Furniture, fixtures and equipment	$ 572,426
Leasehold improvements	511,242
Computer software	114,425
Total Property and Equipment	1,198,093
Less: Accumulated Depreciation and Amortization	(442,388)
Net Property and Equipment	$ 755,705

Depreciation and amortization expense totaled $102,121for the year ended December 31, 2011.

Continued

5. Notes Payable

In May 2011, CWV entered into two loan agreements with private foundations that are related to CWV through a common board member. 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 December 31, 2011:

For the Year Ending December 31,	
2013	$ 25,000
2014	33,333
2015	33,333
2016	8,334
Total	$ 100,000

6. Commitments

Office Leases

In October 2003, SOS entered into a ten-year and six-month noncancelable operating lease agreement for its office space in Washington, DC. The lease commenced on November 15, 2003 and extends through April 30, 2014. On March 9, 2011, the lease was amended to allow for additional office space to coincide with the remaining lease term. Under the terms of the lease, the base rent is subject to annual increases of 2.5% and SOS is required to pay its proportionate share of any increases in real estate taxes and operating expenses of the building. SOS has also entered into noncancelable operating lease agreements for office space in the cities of Denver, Colorado; New York, New York; and Boston, Massachusetts. These leases are for varying terms through December 2013.

On May 6, 2011, CWV entered in to a ten-year and eight-month noncancelable operating lease agreement for its office space in Washington, DC. The lease commenced on October 1, 2011 and extends through May 31, 2022. The base monthly rent is $18,917 and is subject to annual escalations of 2.5%. CWV is also obligated to pay its proportionate share of real estate taxes and excess operating costs. As an incentive to enter into the lease, CWV received a tenet improvement allowance of $255,375, of which $237,941 was spent towards the construction of tenant improvements, with the balance being applied against future rental payments due to the landlord.

Continued

6. Commitments (continued)

Office Leases (continued)

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.

As of December 31, 2011, future minimum lease payments required under these operating leases are as follows:

For the Year Ending December 31,	
2012	$ 1,005,685
2013	1,043,405
2014	493,719
2015	246,011
2016	254,155
Thereafter	1,525,676
Total	$ 4,568,651

Total rent expense for the year ended December 31, 2011 was $1,048,549.

Lines of Credit

On July 21, 2011, SOS obtained a $2,000,000 line of credit with its financial institution. The line is secured by SOS's personal property and expires in December 2012. SOS 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 5.00%, and are payable on demand. The interest rate on the line of credit as of December 31, 2011 was 5.00%. As of December 31, 2011 and during the year then ended, SOS had no outstanding balance under the line of credit agreement.

7. 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 as of December 31, 2011:

Continued

7. Temporarily Restricted Net Assets (continued)

Cooking Matters	$ 4,625,466
No Kid Hungry	3,828,560
Other purposes	1,067,387
Total Purpose Restricted	9,521,413
Time Restricted	1,495,000
Total Temporarily Restricted Net Assets	$ 11,016,413

8. Risks and Contingencies

Office of Management and Budget Circular A-133

SOS has instructed its independent auditors to audit its applicable federal programs for the year ended December 31, 2011, in compliance with Circular A-133 issued by the U.S. Office of Management and Budget (OMB). Until such audit is reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the review by the federal agencies of the independent auditor's reports for fiscal year 2011 will not have a material effect on SOS's financial position as of December 31, 2011, or its results of operations for the year then ended.

9. Donated Support

During the year ended December 31, 2011, SOS recognized support from in-kind goods and services as follows:

Public service announcements	$ 23,797,074
Advertising	2,131,769
Legal services	130,634
Consulting and professional services	75,000
Total	$ 26,134,477

Televised public service announcement airtime has been donated to SOS, primarily from the Food Network, to educate the general public about childhood hunger and to encourage the public to participate in SOS's No Kid Hungry program. Public service announcements are

9. Donated Support (continued)

valued based on the number of times the announcements are played and the period in which the advertisements are aired at the television network's equivalent rate charged to paying customers. The associated public service announcement expense is recorded in program service expense in the accompanying consolidated statement of activities.

Print advertising has been primarily donated to publicize SOS's campaign events, which have a significant fundraising component. The donated print advertising is valued based on advertising rates in a similar manner as the public service announcements and is recorded as fundraising expense in the accompanying consolidated statement of activities.

Donated legal services are included in management and general expense in the accompanying consolidated statement of activities.

Donated consulting and professional services are recorded in program service expense in the accompanying consolidated statement of activities.

SOS receives a significant amount of donated food and beverages, as well as food preparation services, in association with its campaign events. The fair value of these donated goods and services are not reported as in-kind donations and direct donor benefits in the accompanying consolidated statement of activities.

10. Pension Plan

SOS 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, SOS matches elective deferrals up to 2% of compensation. Total pension expense for the year ended December 31, 2011 was $101,508.

11. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, SOS is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2011 as SOS had no taxable net unrelated business income.

Continued

11. Income Taxes (continued)

CWV is subject to federal and state income taxes and files separate federal and applicable state income taxes. The provision for income tax benefit resulting from net operating losses consists of the following for the year ended December 31, 2011:

Current federal income tax provision	$ -
Current state income tax provision	2,101
Total Current Income Tax Provision	2,101
Deferred income tax benefit	(78,564)
Net Tax Benefit	$ (76,463)

This tax benefit is recorded in other revenue and support 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 differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, operating loss and tax credit carry forwards. As of December 31, 2011, a deferred tax asset of $386,406 was recognized in association with CWV's cumulative net operating losses though December 31, 2011. These cumulative net operating losses totaled approximately $1,104,000 as of December 31, 2011 and expire in years 2025 through 2031. CWV management has determined that CWV's future operations will be able to generate sufficient taxable income to realize the full amount of the deferred tax asset and therefore no valuation allowance has been recorded for the deferred tax asset as of December 31, 2011.

SOS performed an evaluation of uncertain tax positions for the year ended December 31, 2011, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of December 31, 2011, the statute of limitations for tax years 2008 through 2010 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which SOS files tax returns. It is SOS's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2011, SOS had no accrual for interest and/or penalties.

Continued

12. Allocation of Joint Costs

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

a. Volunteer recruitment, mobilization, and management
b. Grant distribution
c. Education and awareness about hunger and food insecurity

Taste of the Nation, the New York Wine and Food Festival, the Great American Bake Sale and Great American Dine Out 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 $4,774,991 relating to Taste of the Nation, the New York Wine and Food Festival, the Great American Bake Sale and Great American Dine Out for the year ended December 31, 2011 that included a fundraising appeal have been allocated among the programs and supporting services benefited. Of these costs, $1,488,176 was allocated to programs and $3,286,815 was allocated to fundraising.

13. Prior Period Adjustments

As disclosed in Note 1, contributions are recognized as revenue when unconditional promises are made and exchange contracts are recorded as revenue when costs are incurred. SOS receives corporate sponsorships for various events and programs. In previous years, sponsorships were considered to be exchange contracts and revenue was recognized when expenses were incurred. During the year ended December 31, 2011, management revaluated the provisions of SOS's sponsorship agreements and made a determination that contribution revenue recognition was the preferable revenue recognition policy based on the facts and circumstances of its sponsorship agreements. As a result of changing from one acceptable accounting policy to another, SOS recorded an adjustment to increase grants and contributions receivable and temporarily restricted net assets by $1,975,000 as of December 31, 2010, in recognition of sponsorship contributions promised in the prior year.

Continued

13. Prior Period Adjustments (continued)

As disclosed in Note 1, grants are expensed in the year in which the unconditional commitment to give is made to the grantee. In previous years, SOS erroneously recognized grant expense upon securing programmatic funding from it various campaigns, even though no unconditional commitment to give had been made to any specific grantees. As a result, an adjustment was made to decrease grants payable and increase unrestricted net assets by $1,127,671 as of December 31, 2010.

As disclosed in Note 5, SOS leases office space under a noncancelable operating lease agreement for its office space in Washington, DC. The agreement includes fixed annual rent escalations. No deferred rent was recognized in the prior year financial statements. As a result, an adjustment was made to record the deferred rent that should have been recognized in prior periods, which resulted in an increase in the deferred rent liability and a decrease in the unrestricted net asset balance of $192,125 as of December 31, 2010.

CWV recorded a prior period adjustment to correct contract revenue recognition that resulted in a reduction of 2010 revenue and an increase in deferred revenue as of December 31, 2010 in the amount of $21,372.

14. Subsequent Events

In preparing these consolidated financial statements, SOS has evaluated events and transactions for potential recognition or disclosure through September 24, 2012, the date the consolidated financial statements were available to be issued. There are no subsequent events that require recognition of, or disclosure in, the consolidated financial statements.

SUPPLEMENTAL INFORMATION

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2011

	Share Our Strength	Community Wealth Ventures, Inc. (CWV, Inc.)	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	$ 6,441,942	$ 511,755	$ -	$ 6,953,697
Accounts receivable, net	37,759	194,483	(130,459)	101,783
Grants and contributions receivable, net	7,938,791	-	-	7,938,791
Investment in CWV, Inc.	839,091	-	(839,091)	-
Deferred income tax benefit	-	386,406	-	386,406
Prepaid expenses and other assets	453,988	41,800	-	495,788
Property and equipment, net	422,215	333,490	-	755,705
TOTAL ASSETS	$ 16,133,786	$ 1,467,934	$ (969,550)	$ 16,632,170
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 2,138,016	$ 182,931	$ (130,459)	2,190,488
Notes payable	-	100,000	-	100,000
Grants payable	429,873	-	-	429,873
Deferred revenue	466,505	15,226	-	481,731
Capital lease obligation	-	19,633	-	19,633
Deferred rent and leasehold incentives	173,865	311,053	-	484,918
TOTAL LIABILITIES	3,208,259	628,843	(130,459)	3,706,643
Net Assets				
Unrestricted	1,909,114	-	-	1,909,114
Temporarily restricted	11,016,413	-	-	11,016,413
TOTAL NET ASSETS	12,925,527	-	-	12,925,527
STOCKHOLDER'S EQUITY				
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	-	(832,253)	832,253	-
TOTAL STOCKHOLDER'S EQUITY	-	839,091	(839,091)	-
TOTAL NET ASSETS	12,925,527	839,091	(839,091)	12,925,527
TOTAL LIABILITIES AND NET ASSETS	$ 16,133,786	$ 1,467,934	$ (969,550)	$ 16,632,170

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

	Share Our Strength			Community Wealth Ventures, Inc.		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Eliminations	Consolidated
REVENUE AND SUPPORT						
In-kind contributions - public service announcements (PSAs)	$ 23,797,074	$ -	$ 23,797,074	$ -	$ -	$ 23,797,074
In-kind contributions - other	2,337,403	-	2,337,403	-	-	2,337,403
Corporate sponsorships and contributions	11,570,064	4,470,236	16,040,300	-	-	16,040,300
Foundation and other grants	1,895,226	7,549,267	9,444,493	-	-	9,444,493
Special event ticket sales	4,866,776	-	4,866,776	-	-	4,866,776
Individual contributions	3,146,475	-	3,146,475	-	-	3,146,475
Consulting revenue	820,000	-	820,000	1,964,679	(1,074,590)	1,710,089
Auction revenue	1,618,615	-	1,618,615	-	-	1,618,615
Government grants	950,714	-	950,714	-	-	950,714
Bake sales	620,492	-	620,492	-	-	620,492
Other	1,051,419	-	1,051,419	98,263	-	1,149,682
Investment income	3,443	-	3,443	355	-	3,798
Net assets released from restrictions:						
Satisfaction of purpose restrictions	6,336,507	(6,336,507)	-	-	-	-
Satisfaction of time restrictions	1,600,000	(1,600,000)	-	-	-	-
TOTAL REVENUE AND SUPPORT	60,614,208	4,082,996	64,697,204	2,063,297	(1,074,590)	65,685,911
EXPENSES						
Program Services:						
Anti-Hunger, Anti-Poverty Initiatives, including in-kind PSAs of $23,797,074	45,144,126	-	45,144,126	-	(1,074,590)	44,069,536
Community Wealth	-	-	-	2,225,789	-	2,225,789
Total Program Services	45,144,126	-	45,144,126	2,225,789	(1,074,590)	46,295,325
Supporting Services:						
Management and general	3,819,446	-	3,819,446	4,047	-	3,823,493
Fundraising	10,257,047	-	10,257,047	-	-	10,257,047
Direct donor benefits	584,198	-	584,198	-	-	584,198
Total Supporting Services	14,660,691	-	14,660,691	4,047	-	14,664,738
TOTAL EXPENSES	59,804,817	-	59,804,817	2,229,836	(1,074,590)	60,960,063
NET LOSS FROM SUBSIDIARY	(166,539)	-	(166,539)	-	166,539	-
CHANGE IN NET ASSETS	642,852	4,082,996	4,725,848	(166,539)	166,539	4,725,848
NET ASSETS, BEGINNING OF YEAR	352,088	4,958,417	5,310,505	1,027,002	(1,027,002)	5,310,505
Prior period adjustments	914,174	1,975,000	2,889,174	(21,372)	21,372	2,889,174
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	1,266,262	6,933,417	8,199,679	1,005,630	(1,005,630)	8,199,679
NET ASSETS, END OF YEAR	$ 1,909,114	$ 11,016,413	$ 12,925,527	$ 839,091	$ (839,091)	$ 12,925,527

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

	Program Services			Supporting Services				
	Anti-Hunger, Anti-Poverty Initiatives	Community Wealth Ventures, Inc.	Total Program Services	Management and General	Fundraising	Direct Donor Benefits	Eliminations	Total
In-kind public service announcements	$ 23,797,074	$ -	$ 23,797,074	$ -	$ -	$ -	$ -	$ 23,797,074
Salaries, benefits and payroll taxes	6,457,496	1,488,423	7,945,919	2,424,421	2,648,528	-	-	13,018,868
Grants	7,116,725	-	7,116,725	-	-	-	-	7,116,725
Consulting and professional services	2,543,273	228,227	2,771,500	218,101	1,367,441	6,983	(1,074,590)	3,289,435
Meetings, seminars and conferences	1,051,033	14,815	1,065,848	7,853	1,261,384	452,518	-	2,787,603
In-kind advertising	-	-	-	-	2,131,769	-	-	2,131,769
Marketing	529,950	24,222	554,172	51,660	864,133	8,886	-	1,478,851
Printing, design and production	609,751	6,584	616,335	417,142	304,863	3,265	-	1,341,605
Office expenses	743,887	74,232	818,119	56,819	274,161	52,155	-	1,201,254
Travel	678,428	49,309	727,737	77,251	288,991	31,371	-	1,125,350
Equipment maintenance	568,842	2,805	571,647	85,447	431,580	17,626	-	1,106,300
Rent	574,238	156,252	730,490	138,145	179,914	-	-	1,048,549
Fees and licenses	243,762	6,275	250,037	34,780	428,116	1,700	-	714,633
Telephone	110,821	36,686	147,507	21,941	21,231	-	-	190,679
Bad debt expense	-	100,264	100,264	53,563	-	-	-	153,827
In-kind legal services	-	-	-	130,634	-	-	-	130,634
Postage	75,843	2,156	77,999	11,974	36,583	558	-	127,114
Depreciation and amortization	-	24,138	24,138	77,983	-	-	-	102,121
Insurance	43,003	10,914	53,917	11,732	18,353	9,136	-	93,138
Miscellaneous	-	487	487	4,047	-	-	-	4,534
Total	$ 45,144,126	$ 2,225,789	$ 47,369,915	$ 3,823,493	$ 10,257,047	$ 584,198	$ (1,074,590)	$ 60,960,063

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the consolidated financial statements of Share Our Strength, Inc. and subsidiary (SOS) as of and for the year ended December 31, 2011, and have issued our report thereon dated September 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of SOS is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered SOS's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of SOS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SOS's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2011-1 to be a material weakness.

Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SOS's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of SOS in a separate letter dated September 24, 2012.

SOS's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit SOS's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Directors, others within the entity, the Corporation for National and Community Service (CNCS) and the U.S. Department of Agriculture and is not intended to be and should not be used by anyone other than these specified parties.

Raffa, P.C.

RAFFA, P.C.

Washington, DC
September 24, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Share Our Strength, Inc. and subsidiary's (SOS) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of SOS's major federal programs for the year ended December 31, 2011. SOS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of SOS's management. Our responsibility is to express an opinion on SOS's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SOS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of SOS's compliance with those requirements.

In our opinion, SOS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of SOS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered SOS's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance

Continued

and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SOS's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Directors, others within the entity, CNCS, and the U.S. Department of Agriculture and is not intended to be and should not be used by anyone other than these specified parties.

Raffa, P.C.

RAFFA, P.C.

Washington, DC
September 24, 2012

SHARE OUR STRENGTH, INC AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

Agency or Federal Grantor/Pass-through Grantor/Program Title	Federal Pass-through Grant Number	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass-Through from Colorado State University:			
SNAP-Ed	G-0104-1	10.561	$ 238,328
SNAP-Ed	G-0027-1	10.561	161,880
Pass-Through from UMASS Medical School:			
SNAP-Ed	N/A	10.561	111,578
Total U.S. Department of Agriculture			511,786
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
AmeriCorps National Direct Grant	10NDHDC002	94.006	335,733
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 847,519

See accompanying notes to this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred.

2. Reconciliation of Federal Revenue and Expenses

Expenditures per the schedule of expenditures of federal awards	$ 847,519
Plus: Nonfederal grants	103,195
Government grants and contributions per the Consolidated Statement of Activities	$ 950,714

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

A. SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued: _X_ Unqualified ____ Qualified ____ Adverse ____ Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? _X_ Yes ____ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ____ Yes _X_ None Reported

Noncompliance material to consolidated financial statements noted? ____ Yes _X_ No

Federal Awards

Type of auditor's report issued on compliance for major programs: _X_ Unqualified ____ Qualified ____ Adverse ____ Disclaimer

Internal control over major programs:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ____ Yes _X_ None Reported

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Subpart B, Section 510? ____ Yes _X_ No

Identification of Major Programs:

CFDA # / Grant Number	Program Title
10.561/ G-0104-1 and G-0027-1	SNAP-Ed
94.006 / 10NDHDC002	AmeriCorps National Direct Grant

Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000

Auditee qualified as a low-risk auditee? ____ Yes _X_ No

B. FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT

Finding No. 2011-1

Condition: SOS erroneously recognized grant expense upon securing programmatic funding from its various campaigns, even though no unconditional commitment to give had been made to any specific grantees.

Criteria: Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 720-25-25 requires grants and contributions to be recognized as expenses in the period made, and as decreases in assets or increases in liabilities depending on the form of the benefits given. In accordance with FASB ASC Topic 958-720-25-2, unconditional promises to give should be recognized at the time the donor has an obligation to transfer the promised assets in the future, which generally occurs when the donor approves a specific grant or when the recipient of the promise is notified.

Cause: SOS's management conservatively recorded grant expense in the fiscal period in which the associated programmatic funding was available to be granted based on the matching principle. However, the matching principle does not specifically apply to or repudiate the accounting guidance included in FASB ASC 720-25-25 or FASB ASC 958-720-25-2 referred to above.

Effect: Financial reports that were prepared during the year did not present accurate financial information. Additionally, material audit adjustments were proposed and recorded to decrease grants payable as of December 31, 2011 and 2010, and to adjust grant expense for the year ended December 31, 2011.

Recommendation: We recommend that SOS adopt and implement accounting policies and procedures to ensure that grant expense is only recorded in SOS's financial statements when the grant or unconditional promise to give is made, which should typically be when SOS authorizes future grants and notifies the grantee of the funding obligation.

Management's Response: In the past, grants payable and grant expense were recorded in the year the associated campaign funds were raised in order to match grant expenditures to the associated campaign revenue, even though no specific grantee was identified and no funding commitments pledged.

Continued

B FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT (continued)

Finding No. 2011-1 (continued)

Management's Response (continued): The purpose for this matching of the revenue and expenses in the same period was to ensure that campaign donors could easily determine that their funds were being granted to other organizations in the child hunger relief community in accordance with SOS's mission as communicated to its donors. We are in agreement with the auditor's finding that this previous matching treatment was not in accordance GAAP, and have adjusted grants payable and the associated grant expense for both 2011 and 2010 to reflect this change. In the future, grants that are generated from campaign funds will not be processed and recorded as a grant expense until the grantees are specifically identified and a grant agreement has been created.

C. FINDINGS AND QUESTIONED COSTS – COMPLIANCE AND OTHER MATTERS

None required to be reported.