

HUNGER PLUS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

HUNGER PLUS, INC.
TABLE OF CONTENTS
DECEMBER 31, 2007 AND 2006

| | | |
|-------------------------------------|-----------|----------|
| Independent Auditors' Report | | 1 |
| Audited Financial Statements | | |
| Statements of Financial Position | Exhibit A | 3 |
| Statements of Activities | Exhibit B | 4 |
| Statements of Functional Expenses | Exhibit C | 6 |
| Statements of Cash Flows | Exhibit D | 7 |
| Notes to Financial Statements | Exhibit E | 8 |

ROGERS, CROSS, HANBY & CO., LLC

A Limited Liability Company
Certified Public Accountants

JIMMY F. ROGERS, CPA
BILL CROSS, CPA
RONALD F. HANBY, CPA

921 Broadway Street
Plainview, Texas 79072
806-288-2721

Fax: 806-288-2724
www.rch-cpas.com

Board of Directors
Hunger Plus, Inc.
Plainview, Texas 79072

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Hunger Plus, Inc. (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Hunger Plus, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hunger Plus, Inc., as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rogers, Cross, Hanby & Co., LLC

Rogers, Cross, Hanby & Co., LLC
Plainview, Texas
August 22, 2008

AUDITED FINANCIAL STATEMENTS

HUNGER PLUS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

EXHIBIT A

| | <u>2007</u> | <u>2006</u> |
|-----------------------------------------|-------------------|----------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | | |
| Checking | \$ 126,389 | 116,136 |
| Savings & Short-term Investments | <u>108,020</u> | <u>103,054</u> |
| TOTAL CURRENT ASSETS | <u>234,409</u> | <u>219,190</u> |
| OTHER ASSETS | | |
| TOTAL OTHER ASSETS | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 234,409</u> | <u>219,190</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | \$ | |
| TOTAL CURRENT LIABILITIES | <u>-</u> | <u>-</u> |
| TERM LIABILITIES | | |
| TOTAL TERM LIABILITIES | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> |
| NET ASSETS | | |
| Unrestricted | 154,942 | 133,204 |
| Temporarily Restricted | <u>79,467</u> | <u>85,986</u> |
| TOTAL NET ASSETS | <u>234,409</u> | <u>219,190</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 234,409</u> | <u>219,190</u> |

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

HUNGER PLUS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

EXHIBIT B

| | 2007 | 2006 |
|-----------------------------------------------------------------------|-------------------|-----------------|
| UNRESTRICTED NET ASSETS | | |
| Public Support and Revenues | | |
| Public Support | | |
| Service Organizations | \$ 13,028 | 9,718 |
| Individuals and Businesses | 5,926 | 1,701 |
| Memorial - John R. Germany, Jr. | 900 | 7,950 |
| Miscellaneous Income | | 985 |
| Total Public Support | 19,854 | 20,354 |
| Revenues | | |
| Interest Income | 8,752 | 8,025 |
| Total Revenues | 8,752 | 8,025 |
| TOTAL UNRESTRICTED SUPPORT AND REVENUES | 28,606 | 28,379 |
| Net Assets Released from Restrictions: | | |
| Restrictions Satisfied by Payments | 71,469 | 82,066 |
| TOTAL UNRESTRICTED SUPPORT, REVENUES AND RECLASSIFICATIONS | 100,075 | 110,445 |
| Expenses | | |
| Program Services | | |
| Hunger Projects | 73,714 | 114,496 |
| Supporting Services | 4,623 | 25,122 |
| TOTAL EXPENSES | 78,337 | 139,618 |
| INCREASE IN UNRESTRICTED NET ASSETS | 21,738 | (29,173) |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Contributions | 64,950 | 82,057 |
| Net Assets Release from Restrictions | (71,469) | (82,066) |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | (6,519) | (9) |
| INCREASE IN NET ASSETS | 15,219 | (29,182) |
| NET ASSETS AT BEGINNING OF YEAR | 219,190 | 248,372 |
| NET ASSETS AT END OF YEAR | \$ 234,409 | 219,190 |

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

HUNGER PLUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

EXHIBIT C
Page 1 of 2

| EXPENSES | PROGRAM SERVICES | SUPPORTING SERVICES | TOTAL EXPENSES 2007 |
|-----------------------------------|-----------------------------|--------------------------------|------------------------------------|
| Ben Okumu | \$ 29,840 | | 29,840 |
| District 7350 - Nicaragua Project | | | |
| Ethiopia Projects | 8,550 | | 8,550 |
| Maternal Shelter-Mexico | 6,220 | | 6,220 |
| Mexico - Tarahumaha Indians | | | |
| Mexico Feeding Projects | 1,600 | | 1,600 |
| Mexico Fuel Project | | | |
| Mexico Projects | 650 | | 650 |
| Nicaragua Projects | 19,208 | | 19,208 |
| Tsunami - Asian Disaster Relief | 3,500 | | 3,500 |
| United States Projects | 4,146 | | 4,146 |
| Advertising & Promotion | | 76 | 76 |
| Bank Service Charges | | 18 | 18 |
| Consulting Fees | | | - |
| Finance Charges | | | - |
| Marketing Supplies | | 827 | 827 |
| Miscellaneous | | 177 | 177 |
| Supplies | | | - |
| Postage & Delivery | | 23 | 23 |
| Telephone | | | - |
| Travel | | 3,503 | 3,503 |
| TOTAL EXPENSES | \$ 73,714 | 4,623 | 78,337 |

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

HUNGER PLUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

EXHIBIT C
Page 2 of 2

| EXPENSES | PROGRAM SERVICES | SUPPORTING SERVICES | TOTAL EXPENSES 2006 |
|-----------------------------------|-----------------------------|--------------------------------|------------------------------------|
| Ben Okumu | \$ 22,110 | | 22,110 |
| District 7350 - Nicaragua Project | 15,000 | | 15,000 |
| Ethiopia Projects | 21,000 | | 21,000 |
| Maternal Shelter - Mexico | 2,278 | | 2,278 |
| Mexico - Tarahumaha Indians | 14,500 | | 14,500 |
| Mexico Feeding Projects | 14,012 | | 14,012 |
| Mexico Fuel Project | 81 | | 81 |
| Mexico Projects | 1,680 | | 1,680 |
| Nicaragua Projects | 700 | | 700 |
| Tsunami - Asian Disaster Relief | 15,000 | | 15,000 |
| United States Projects | 8,135 | | 8,135 |
| Advertising & Promotion | | 607 | 607 |
| Bank Service Charges | | 30 | 30 |
| Consulting Fees | | 20,000 | 20,000 |
| Finance Charges | | 38 | 38 |
| Marketing Supplies | | 109 | 109 |
| Miscellaneous | | 127 | 127 |
| Supplies | | 1,253 | 1,253 |
| Postage & Delivery | | 80 | 80 |
| Telephone | | 713 | 713 |
| Travel | | 2,165 | 2,165 |
| TOTAL EXPENSES | \$ 114,496 | 25,122 | 139,618 |

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

HUNGER PLUS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

EXHIBIT D

| | 2007 | 2006 |
|------------------------------------------------------------------------------------------------|-------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (decrease) in net assets | \$ 15,219 | (29,182) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| (Increase) decrease in operating assets | - | - |
| TOTAL ADJUSTMENTS | - | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 15,219 | (29,182) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | - | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 15,219 | (29,182) |
| BEGINNING CASH AND CASH EQUIVALENTS | 219,190 | 248,372 |
| ENDING CASH AND CASH EQUIVALENTS | \$ 234,409 | 219,190 |

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

HUNGER PLUS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 1 - DESCRIPTION OF ORGANIZATION

Hunger Plus, Inc. is a nonprofit organization incorporated and chartered under the laws of the State of Texas. The Corporation's purpose is to reduce and eliminate hunger throughout the world through feeding programs combined with projects that promote self-sufficiency. The Corporation's support comes primarily from individuals, organizations, corporations and foundations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis

The financial statements of the Corporation have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Corporation's financial statements are prepared according to Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No.117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net

HUNGER PLUS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(Continued)**

Revenue Recognition – (Continued)

assets and reported in the statement of activities as net assets released from restrictions.

Federal Income Tax

The Corporation is currently operating under a letter of exemption as allowed by the Internal Revenue Code Section 501(c)(3) and accordingly, no provision for Federal Income Tax has been made.

Comparative Total Data

Comparative total data has been presented in the accompanying financial statements in order to provide an understanding of changes in the Corporation's financial position and operations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Cash Equivalents

Cash and cash equivalents for purposes of the statement of cash flows include all cash in checking and savings accounts.

Liabilities and Leases

At this time the Corporation has no liabilities or lease commitments.

Functional Expenses

Expenses are charged directly to program or management in general categories based on specific identification.

HUNGER PLUS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(Continued)**

Donated Services

The Corporation receives numerous hours of donated services from volunteers, yet as explained below, these services do not meet the criteria for recognition in the financial statements and have not been recorded as either revenues or expenses.

Donated services from unpaid volunteers must meet the criteria for recognition under Statement of Financial Accounting Standards (SFAS) No. 116: the services must either (a) create or enhance a non-financial asset or (b) be specialized skills provided by entities or persons possessing those skills, that would be purchased if they were not donated.