HATCH, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

CPAs / ADVISORS

HATCH, INC.

TABLE OF CONTENTS
DECEMBER 31, 2024 AND 2023

Page

Report of Independent Auditors 1

Financial Statements

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses 6

Statements of Cash Flows 8

Notes to Financial Statements 9

CPAS / ADVISORS

blue

Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Hatch, Inc.
Carmel, Indiana

Opinion

We have audited the accompanying financial statements of Hatch, Inc. (the Organization), a nonprofit organization, which comprise the statements of financial position as of December 31, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Blue & Co., LLC

Carmel, Indiana
July 30, 2025

HATCH, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Cash	$ 44,261	$ 23,258
Accounts receivable	1,497,540	784,215
Inventory	50,380	-0-
Prepaid expenses	6,592	-0-
	$ 1,598,773	$ 807,473

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	$ 1,346,457	$ 488,406
Accrued payroll and related liabilities	141,445	247,625
Line of credit	-0-	300,000
Total liabilities	1,487,902	1,036,031
Net assets		
Without donor restrictions	110,871	(228,558)
	$ 1,598,773	$ 807,473

See accompanying notes to financial statements.

HATCH, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Support and revenues		
Shell egg income	$ 19,639,807	$ 14,845,640
Chicken income	2,297,128	627,162
Other protein income	1,039,079	51,745
Contributions	78,708	80,131
Grants	72,226	-0-
Contributions of nonfinancial assets	2,952,301	1,923,027
Total support and revenues	26,079,249	17,527,705
Expenses		
Program services	24,859,122	16,652,760
Management and general	700,368	793,661
Fundraising and development	180,330	270,637
Total expenses	25,739,820	17,717,058
Change in net assets	339,429	(189,353)
Net assets, beginning of year	(228,558)	(39,205)
Net assets, end of year	$ 110,871	$ (228,558)

See accompanying notes to financial statements.

HATCH, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Shell egg income	$ 14,845,640	$ -0-	$ 14,845,640
Chicken income	627,162	-0-	627,162
Other protein income	51,745	-0-	51,745
Contributions	80,131	-0-	80,131
Contributions of nonfinancial assets	1,923,027	-0-	1,923,027
Net assets released from restrictions	74,349	(74,349)	-0-
Total support and revenues	17,602,054	(74,349)	17,527,705
Expenses			
Program services	16,652,760	-0-	16,652,760
Management and general	793,661	-0-	793,661
Fundraising and development	270,637	-0-	270,637
Total expenses	17,717,058	-0-	17,717,058
Change in net assets	(115,004)	(74,349)	(189,353)
Net assets, beginning of year	(113,554)	74,349	(39,205)
Net assets, end of year	$ (228,558)	$ -0-	$ (228,558)

See accompanying notes to financial statements.

HATCH, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)

	2024				2023
	Program Services	Management and General	Fundraising and Development	Total	Total
Cost of goods sold	$ 21,520,255	$ -0-	$ -0-	$ 21,520,255	$ 14,268,349
Gift in kind - contributed goods	2,952,301	-0-	-0-	2,952,301	1,923,027
Salaries & wages	264,324	383,006	142,896	790,226	974,240
Events & programs	63,010	37,714	16,669	117,393	202,356
Advertising	-0-	79,294	-0-	79,294	95,911
Employee benefits	22,878	33,151	12,368	68,397	64,379
Payroll taxes	15,533	30,815	8,397	54,745	52,872
Professional fees	-0-	52,398	-0-	52,398	22,068
Office expenses	2,624	27,006	-0-	29,630	26,240
Occupancy	-0-	22,748	-0-	22,748	22,753
Bank charges & interest	-0-	18,407	-0-	18,407	19,354
Dues & subscriptions	11,385	5,124	-0-	16,509	9,190
Training services	4,877	4,877	-0-	9,754	29,585
Donations	-0-	5,799	-0-	5,799	840
Insurance	1,935	-0-	-0-	1,935	5,209
Miscellaneous	-0-	29	-0-	29	685
	$ 24,859,122	$ 700,368	$ 180,330	$ 25,739,820	$ 17,717,058

See accompanying notes to financial statements.

HATCH, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising and Development	Total
Cost of goods sold	$ 14,268,349	$ -0-	$ -0-	$ 14,268,349
Gift in kind - contributed goods	1,923,027	-0-	-0-	1,923,027
Salaries & wages	250,899	499,093	224,248	974,240
Events & programs	161,262	26,898	14,196	202,356
Advertising	-0-	95,911	-0-	95,911
Employee benefits	25,053	23,282	16,044	64,379
Payroll taxes	11,054	31,906	9,912	52,872
Professional fees	-0-	22,068	-0-	22,068
Office expenses	938	19,065	6,237	26,240
Occupancy	-0-	22,753	-0-	22,753
Bank charges & interest	-0-	19,354	-0-	19,354
Dues & subscriptions	6,704	2,486	-0-	9,190
Training services	-0-	29,585	-0-	29,585
Donations	265	575	-0-	840
Insurance	5,209	-0-	-0-	5,209
Miscellaneous	-0-	685	-0-	685
	$ 16,652,760	$ 793,661	$ 270,637	$ 17,717,058

See accompanying notes to financial statements.

HATCH, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Operating activities		
Change in net assets	$ 339,429	$ (189,353)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(713,325)	(232,363)
Inventory	(50,380)	-0-
Prepaid expenses	(6,592)	-0-
Accounts payable	858,051	88,468
Accrued payroll and related liabilities	(106,180)	44,355
Net cash flows from operating activities	321,003	(288,893)
Financing activities		
Borrowings (payments) on line of credit, net	(300,000)	300,000
Net change in cash	21,003	11,107
Cash, beginning of year	23,258	12,151
Cash, end of year	$ 44,261	$ 23,258
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 16,742	$ 17,297

See accompanying notes to financial statements.

1. NATURE OF ACTIVITIES

Hatch, Inc. (the Organization) established in 2015, brings people across the food chain together in a collaborative effort to change the way healthy food is delivered to undernourished people. Hatch connects farmers and food banks on a national level which enables them to deliver approximately 1,000,000 dozen eggs and approximately 480,000 pounds of animal protein each month throughout the country.

The mission of the Organization is to build a protein secure supply chain by connecting animal protein, direct from farmers to hunger relief organizations through an efficient, sustainable, and value-based model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, support, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable (contract receivables) represent amounts billed to national and local food banks for supply chain services. Delinquent receivables are written off based on individual credit evaluations and specific circumstances of the customer. The Organization estimates the collectability of accounts receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to its customer base. Accounts receivable has a balance at December 31, 2024 and 2023 of $1,497,540 and $784,215, respectively. The balance at January 1, 2023 was $551,852. Management has determined that no allowance for credit losses is required at December 31, 2024 and 2023.

Support and Revenue Recognition

Contributions (including grants) are recognized as support in the period when the cash or other assets is received. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. However, contributions that are restricted by the donor whereby restrictions expire in the same reporting period in which they are recorded, are reported as support in the net assets without donor restrictions class.

Revenues from protein, chicken and egg-based income in the course of ordinary activity is measured at the fair value of the consideration received or receivable. Revenue is recognized at a point in time when control has been transferred to the customer. The timing of control transfer varies depending on the individual terms of the sales agreement. Generally, revenue recognition requirements are met upon delivery of the product.

Inventory

The Organization values inventory at the lower of cost or net realizable value with cost being determined using the first-in, first-out ("FIFO") method.

Advertising Costs

The Organization charges advertising costs to operations as they are incurred. Advertising costs for 2024 and 2023 were $79,294 and $95,911, respectively.

Functional Allocation of Expenses

The costs of providing the programs and services of the Organization have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited based on the actual direct expenses and an allocation of indirect expenses based on estimates of time and usage by personnel and programs. Expenses allocated include salaries & wages, payroll taxes, employee benefits, events & programs, dues & subscriptions, and office expenses. Although the methods used were appropriate, other methods could produce different results.

Income Taxes

The Organization is organized as a not-for-profit corporation other than a private foundation and is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code and similar state law.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization has filed its federal and state income tax returns for periods through December 31, 2023. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Subsequent Events

The Organization evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through July 30, 2025, which is the date the financial statements were available to be issued.

3. CREDIT FACILITY

At December 31, 2024, the Organization had a $1,000,000 bank revolving line of credit facility to provide for its short-term borrowing needs. The revolving credit facility matured May 29, 2025, and has been subsequently renewed through November 29, 2026. Borrowings under this credit facility bear interest at the prime rate (7.50% and 8.50% at December 31, 2024 and 2023, respectively). There was $-0- and $300,000 of outstanding borrowings under this line of credit facility at December 31, 2024 and 2023, respectively. Borrowings under this credit facility are secured by substantially all of the Organization's assets.

4. LEASES

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. The majority of the Organization's short-term leases are related to office space and varying office equipment needs for specific projects. The short-term lease expense is $22,748 and $22,753 for the years ended December 31, 2024 and 2023, respectively.

5. NET ASSETS

There were no net assets with donor restrictions at December 31, 2024 and 2023.

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows during the years ended December 31:

	2024	2023
Egg subsidy fund	$ -0-	$ 68,154
Organizational strategy	-0-	6,195
	$ -0-	$ 74,349

6. CONTRIBUTED NONFINANCIAL ASSETS

Local farmers and various donors provide donated eggs to Hatch. These assets are valued using prices for similar goods and services purchased in the ordinary course of business. It is the policy of the Organization to record the estimated fair value of in-kind donations as both in-kind support and as expense in its statement of activities. For the years ended December 31, 2024 and 2023, the Organization received and recognized in-kind contributions of $2,952,301 and $1,923,027, respectively. Goods are recognized by Hatch as support without donor restriction. There were no purpose restricted or other material gifts received during the years ended December 31, 2024 and 2023.

7. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Organization's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date; that is, amounts without board designations or other restrictions limiting their use, at December 31:

	2024	2023
Cash	$ 44,261	$ 23,258
Accounts receivable	1,497,540	784,215
Financial assets available to meet cash needs for general expenditures within one year	$ 1,541,801	$ 807,473

8. RETIREMENT PLAN

The Organization offers a defined contribution profit sharing plan for employees who meet certain eligibility requirements. Employer contributions are at the discretion of the Board. No discretionary contributions were made during the year ended December 31, 2024 and 2023.

9. CONCENTRATIONS

The Organization maintains cash in bank deposit accounts which periodically exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Two customers accounted for 24% of accounts receivable at December 31, 2024, with individual percentages of 11% and 13%. Three customers accounted for 38% of accounts receivable at December 31, 2023, with individual percentages ranging from 11% to 15%.

One donor accounted for 17% of the Organization's total contributions and grants for the year ended December 31, 2024. Two donors accounted for 69% of the Organization's total contributions and grants for the year ended December 31, 2023, with individual percentages of 31% and 38%.

One customer accounted for 18% of the Organization's total operating revenues for the year ended December 31, 2024. One customer accounted for 11% of the Organization's total operating revenues for the year ended December 31, 2023.