

Financial Statements
Kids Against Hunger-Louisville, Inc.
December 31, 2012

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KIDS AGAINST HUNGER-LOUISVILLE, INC.
December 31, 2012

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of
Kids Against Hunger-Louisville, Inc.

I have compiled the accompanying statements of financial position of Kids Against Hunger-Louisville, Inc. (a non-profit organization) as of December 31, 2012, and the related statements of activities, changes in net assets and cash flows for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.



John P. Schmidt CPA, PSC

September 18, 2013

**KIDS AGAINST HUNGER - LOUISVILLE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012**

ASSETS

CURRENT ASSETS

Cash & Equivalents-Note 2	\$ 24,573
Total Current Assets	<u>24,573</u>

EQUIPMENT

Equipment and fixtures-Note 2	4,354
Less accumulated depreciation	<u>770</u>
Net Equipment and Fixtures	<u>3,584</u>

Total Assets	<u><u>\$ 28,157</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes payable	\$ 2,431
Total Current Liabilities	<u>2,431</u>

NET ASSETS

Total Net Assets-Note 2	<u>25,726</u>
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Total Liabilities And Net Assets	<u><u>\$ 28,157</u></u>
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See accompanying notes and independent accountant's compilation report

**KIDS AGAINST HUNGER - LOUISVILLE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

NET REVENUE-Notes 2 and 3		\$ 130,322
COST OF OPERATIONS-Note 4		<u>56,830</u>
GROSS MARGIN		73,492
OPERATING EXPENSES		
Payroll		25,000
Payroll taxes		2,738
Awards and grants		300
Dues and subscriptions		44
Facilities and equipment		4,543
Fundraising expenses		3,490
Insurance		1,766
Mailing service		516
Maintenance and repairs		150
Marketing expense		922
Meeting expense		893
Office supplies		595
Printing and copying		1,789
Professional fees		1,573
Telephone		1,164
Volunteer training and support		385
Website		1,128
Depreciation		770
Total Operating Expenses		<u>47,766</u>
INCREASE IN NET ASSETS		<u><u>\$ 25,726</u></u>

See accompanying notes and independent accountant's compilation report

**KIDS AGAINST HUNGER - LOUISVILLE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 25,726
Adjustments to reconcile increase in net assets to cash provided by operations:	
Depreciation	770
Increase in payroll taxes payable	<u>2,431</u>
Cash Provided By Operations	28,927
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment in property and equipment	<u>(4,354)</u>
 Net Increase in Cash	24,573
 Cash Beginning of Year	<u>-</u>
 Cash End of Year	<u><u>\$ 24,573</u></u>

See accompanying notes and independent accountant's compilation report

KIDS AGAINST HUNGER - LOUISVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1. NATURE OF OPERATIONS

Kids Against Hunger - Louisville, Inc. (KAH) was formed in December of 2011. Working in partnership with non-governmental organizations, the mission of Kids Against Hunger-Louisville, Inc. is to feed starving and malnourished children worldwide and to help reduce the number of hungry families throughout the local region. By working with a network of similar organizations throughout the United States, their efforts have a significant impact on ending hunger.

Packaging events engage volunteers of all ages in assembling a specially formulated mix of dry ingredients that create a vitamin-fortified, high protein meal. KAH meals are provided to organizations with a focus on addressing the needs of malnourished children and creating sustainable solutions to ending poverty.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Kids Against Hunger-Louisville, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. As of December 31, 2012, there were not significant receivables or payables other than payroll taxes payable.

Cash and Cash Equivalents

For purposes of the statement of financial condition and the statement of cash flows, the Organization considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At December 31, 2012, management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these financial instruments.

Inventories

The Organization currently maintains very little inventory. Supplies are ordered on an "as needed" basis and packaged meals are held in short-term storage until shipped to partnering organizations.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from five to seven years. Normal repairs and maintenance are expensed as incurred, whereas significant improvements, which materially increase values or extend useful lives, are capitalized and depreciated over the remaining estimated useful lives of the related assets.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

Tax Exempt Status

The Organization is a tax-exempt organization under 501 c (3) of the Internal Revenue Code and is only subject to federal income tax on net unrelated business income. The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. These standards prescribe recognition thresholds for tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized as a result of the implementation of this standard. The Organization's returns are subject to review and examination by federal authorities for a period of three years after the filing due date of the returns.

KIDS AGAINST HUNGER - LOUISVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted and permanently restricted. Restrictions on net assets are typically a result of donor-imposed restrictions on the contribution of cash or property. As of December 31, 2012, there were no restrictions on the net assets of the Organization.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support 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 assets and reported in the statement of activities as net assets released from restrictions. For the year ended December 31, 2012, there were no restrictions on current year contributions.

Donated Services

No amounts have been reflected in the financial statements for donated services. Kids Against Hunger-Louisville, Inc. pays for most services requiring specific expertise. However, meals are packaged solely by individuals that volunteer their time. Volunteers also assist with a variety of other tasks that help the Organization accomplish its mission. In 2012 more than 2,300 volunteers participated in packaging events.

Management's Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

NOTE 3. ORGANIZATION REVENUE

The Organization revenue includes donations from individuals, businesses and other non-profit organizations. It also includes income from the sale of T-shirts with information regarding the organization's mission. A listing of revenue for the year-ended December 31, 2012 is as follows:

<u>Revenue Source</u>	
Donations-non-profit organizations	\$ 73,682
Donations-individuals and businesses	45,649
Donations-other and miscellaneous	1,797
T-Shirt donations	<u>9,194</u>
 Total Revenue	 <u>\$ 130,322</u>

**KIDS AGAINST HUNGER - LOUISVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4. COST OF OPERATIONS

The Organization cost of operations includes the cost of food and packaging, shipping and delivery costs and the cost of the T-shirts sold. A listing of costs for the year-ended December 31, 2012 is as follows:

Food and packaging costs	\$49,785
Shipping and delivery	<u>7,045</u>
Total Cost of Operations	<u>\$ 56,830</u>

NOTE 5. FACILITY LEASE

The Organization leases its facilities under an annual lease commitment with Resurrection Lutheran Church. Rent expense for the year ended December 31, 2012 amounted to \$2,750.

NOTE 6. SUBSEQUENT EVENTS

Organization management evaluated subsequent events through September 18, 2013, which is the date the financial statements were available for issue. As of that date, there were not subsequent events that required disclosure in these financial statements.