

Financial Statements
LOVE THE HUNGRY, INC.
December 31, 2015 and 2014

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Love the Hungry, Inc.

Management is responsible for the accompanying financial statements of Love the Hungry, Inc., formerly named Kids Against Hunger-Louisville, Inc., (a nonprofit organization), which comprise of the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the American Institute of Certified Public Accountants. I did not audit or review the financial statements, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.



John P. Schmidt CPA, PSC
Louisville, Kentucky

February 23, 2016

**Statements of Financial Position
LOVE THE HUNGRY, INC.
December 31, 2015 and 2014**

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents-Note 2	\$ 49,505	\$ 51,446
Packaged product inventory-Note 2	<u>36,396</u>	<u>-</u>
TOTAL CURRENT ASSETS	85,901	51,446
 EQUIPMENT		
Equipment and fixtures-Note 2	4,354	4,354
Less Accumulated depreciation	<u>3,080</u>	<u>2,310</u>
	<u>1,274</u>	<u>2,044</u>
	<u>\$ 87,175</u>	<u>\$ 53,490</u>
 TOTAL ASSETS		
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,453	\$ -
Payroll taxes payable	<u>1,287</u>	<u>3,204</u>
TOTAL LIABILITIES	15,740	3,204
 NET ASSETS-Note 2		
Unrestricted for current operations	67,410	50,286
Temporarily restricted	<u>4,025</u>	<u>-</u>
	<u>71,435</u>	<u>50,286</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 87,175</u>	 <u>\$ 53,490</u>

See accompanying notes and independent accountant's compilation report

Statements of Activities and Changes in Net Assets
 LOVE THE HUNGRY, INC.
 For the Year Ended December 31, 2015

					Functional Allocation			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Program Services	Management	Fundraising	Total
NET REVENUE	\$200,613	\$ 4,025	-	\$ 204,638	204,638			204,638
COST OF OPERATIONS	105,234	-		105,234	105,234			105,234
GROSS MARGIN	95,379	4,025	-	99,404	99,404	-	-	99,404
OPERATING EXPENSES								
Payroll	47,855			47,855	38,284	7,178	2,393	47,855
Payroll taxes	3,661			3,661	2,929	549	183	3,661
Awards and grants	1,300			1,300	1,300			1,300
Dues and subscriptions	376			376		376		376
Facilities rental	3,000			3,000	2,400	600	-	3,000
Fundraising expenses	1,855			1,855			1,855	1,855
Insurance	2,348			2,348	1,878	352	117	2,348
Mailing service	742			742	594	111	37	742
Maintenance and repairs	152			152		152		152
Marketing expense	2,235			2,235	1,341	-	894	2,235
Meeting and travel expense	1,199			1,199	959	180	60	1,199
Office supplies and expense	1,415			1,415	1,132	212	71	1,415
Printing and copying expense	1,116			1,116	893	167	56	1,116
Professional fees	8,413			8,413	1,683	5,048	1,683	8,413
Telephone	1,394			1,394	1,115	209	70	1,394
Volunteering training and support	424			424	424			424
Depreciation	770			770	616	116	39	770
TOTAL OPERATING EXPENSES	<u>78,255</u>	<u>-</u>	<u>-</u>	<u>78,255</u>	<u>55,548</u>	<u>15,251</u>	<u>7,457</u>	<u>78,255</u>
INCREASE IN NET ASSETS	17,124	4,025	-	21,149	<u>\$ 43,856</u>	<u>\$ (15,251)</u>	<u>\$ (7,457)</u>	<u>\$ 21,149</u>
NET ASSETS BEGINNING OF YEAR	<u>50,286</u>			<u>50,286</u>				
NET ASSETS END OF YEAR	<u>\$ 67,410</u>	<u>\$ 4,025</u>	<u>\$ -</u>	<u>\$ 71,435</u>				

Statements of Activities and Changes in Net Assets
LOVE THE HUNGRY, INC.
For the Year Ended December 31, 2014

	2014	Temporarily Restricted	Permanently Restricted	Total	Functional Allocation			
					Program Services	Management	Fundraising	Total
NET REVENUE	\$212,362	\$ -	\$ -	\$ 212,362	212,362	\$ -	\$ -	\$ 212,362
COST OF OPERATIONS	132,082	-	-	132,082	132,082	-	-	132,082
GROSS MARGIN	80,280	-	-	80,280	80,280	-	-	80,280
OPERATING EXPENSES								
Payroll	42,000			42,000	33,600	6,300	2,100	42,000
Payroll taxes	3,213			3,213	2,570	482	161	3,213
Awards and grants	700			700	700			700
Dues and subscriptions	270			270		270		270
Facilities rental	3,250			3,250	2,600	650	-	3,250
Fundraising expenses	1,203			1,203			1,203	1,203
Insurance	1,977			1,977	1,582	297	99	1,977
Mailing service	690			690	552	104	35	690
Maintenance and repairs	193			193		193		193
Marketing expense	1,743			1,743	1,046	-	697	1,743
Meeting and travel expense	1,033			1,033	826	155	52	1,033
Office supplies and expense	786			786	629	118	39	786
Printing and copying expense	999			999	799	150	50	999
Professional fees	2,419			2,419	484	1,451	484	2,419
Telephone	1,443			1,443	1,154	216	72	1,443
Volunteering training and support	1,185			1,185	1,185			1,185
Depreciation	770			770	616	116	39	770
TOTAL OPERATING EXPENSES	<u>63,874</u>	<u>-</u>	<u>-</u>	<u>63,874</u>	<u>48,343</u>	<u>10,501</u>	<u>5,030</u>	<u>63,874</u>
INCREASE IN NET ASSETS	16,406	-	-	16,406	<u>\$ 31,937</u>	<u>\$ (10,501)</u>	<u>\$ (5,030)</u>	<u>\$ 16,406</u>
NET ASSETS BEGINNING OF YEAR	<u>33,880</u>			<u>33,880</u>				
NET ASSETS END OF YEAR	<u>\$50,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$50,286</u>				

Statements of Cash Flows
LOVE THE HUNGRY, INC.
For the Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FROM OPERATING ACTIVITIES		
Increase/(Decrease) in net assets	\$21,149	\$16,406
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	770	770
Inventory	(36,396)	
Accounts payable	14,453	
Change in payroll taxes payable	<u>(1,916)</u>	<u>(7)</u>
Cash Provided by Operations	(1,940)	17,169
Cash Beginning of Year	<u>51,446</u>	<u>34,277</u>
Cash End of Year	<u>\$49,506</u>	<u>\$51,446</u>

See accompanying notes and independent accountant's compilation report

Notes to financial Statements
LOVE THE HUNGRY, INC.
December 31, 2015 and 2014

NOTE 1. NATURE OF OPERATIONS

Love the Hungry, Inc., formerly Kids Against Hunger - Louisville, Inc., was formed in December of 2011. Working in partnership with non-governmental organizations, the mission of Love the Hungry, Inc. is to provide nutrient-rich meals that alleviate and reverse the effects of malnutrition in young children.

During the 2015 calendar year, the Organization determined that it was in its best interest to leave the Kids Against Hunger network and develop a brand that is better aligned with the mission of the Organization and the region it serves. Through the use of Mathile M+ Micronutrients, the nutritional value of the meal has been upgraded-providing a formula proven to specifically meet the needs of young children. Materials are purchased through a more efficient regional supply chain.

Love the Hungry, Inc. has launched a collaborative project design to address the urgent need for humanitarian aid in South Sudan. The project will include development of a Nutrition Center to ensure that Nutri-Plenty™ meals are safely stored, properly prepared, and served in a sanitary environment. The project will include a clean water initiative.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING

Policies and Basis of Accounting

The financial statements of Love the Hungry, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. As of December 31, 2015 and 2014, there were no significant receivables.

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, 2015 and 2014, management believes that the carrying amount of cash equivalents approximates fair value, because of the short maturity of these financial instruments.

Notes to financial Statements
LOVE THE HUNGRY, INC.
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Inventories

Inventory consisting of packaged product and packaging supplies is stated at cost. Food ingredients and packaging supplies are ordered on an "as needed" basis, and 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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) and 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.

Notes to financial Statements
LOVE THE HUNGRY, INC.
December 31, 2015 and 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Presentation-continued

Restrictions on net assets are typically a result of donor-imposed restrictions on the contribution of cash or property. Restricted can also be provided by the board of directors. For the year-ended December 31, 2015, donations of \$4,025 were designated by the board of directors for the construction of a nutritional center in South Sudan. See Note 8 for further discussion of this matter.

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 years ended December 31, 2015 and 2014, there were no restrictions on current year contributions other than those described above.

Donated Services

No amounts have been reflected in the financial statements for donated services. Love The Hungry, 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 2015 and 2014, more than 6,300 and 6,500 volunteers, respectfully, participated in packaging events. For the years ended December 31, 2015 and 2014, the Organization packaged over 1,000,000 meals.

Areas Assisted

The organization provided over 145,000 and 100,000 meals, to local agencies serving families throughout Kentucky and Indiana for the years ended December 31, 2015 and 2014, respectfully. During this time the Organization delivered meals to non-governmental organizations in thirteen different countries including the Dominican Republic, El Salvador, Guatemala, Haiti, Liberia, Mali, Nicaragua, the Philippines, Sierra Leone, South Sudan, Swaziland, Ukraine and Zambia.

Notes to financial Statements
LOVE THE HUNGRY, INC.
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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, 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 tee-shirts with information regarding the organization's mission. A listing of revenue for the years-ended December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Donations-nonprofit organizations	\$147,582	\$147,606
Donations-individuals and businesses	52,947	61,207
Other income	4,109	3,549
Total Revenue	<u>\$204,638</u>	<u>\$212,362</u>

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 years-ended December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Food and packaging	\$ 74,382	\$101,300
Shipping and delivery	<u>30,852</u>	<u>30,782</u>
Total Direct Cost of Operations	<u>\$105,234</u>	<u>\$132,082</u>

NOTE 5. FACILITY LEASE

The Organization leases its facilities under an annual lease commitment with Resurrection Lutheran Church. Rent expense for the years ended December 31, 2015 and 2014 amounted to \$3,000 and \$3,250, respectfully.

Notes to financial Statements
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NOTE 8. RESTRICTED NET ASSETS

As described in Note 1 above, the board of directors has elected to restrict certain donations to launch this program and the building of a nutritional center in Southern Sudan. The estimated cost of this program and facility is \$25,000. To date, \$4,025 in donations has been earmarked for this purpose. The Organization plans to raise the balance of the funds through a future fundraising event.

NOTE 7. SUBSEQUENT EVENTS

Organization management evaluated subsequent events through February 23, 2016, which is the date the financial statements were available for issue. As of that date, there were no subsequent events that required disclosure in these financial statements.