

Financial Statements
LOVE THE HUNGRY, INC.
December 31, 2017 and 2016

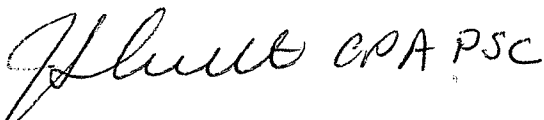
Financial Statements
LOVE THE HUNGRY, INC.
December 31, 2017 and 2016

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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., (a non-profit organization), which comprise of the statements of financial position as of December 31, 2017 and 2016, 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 Accounting and Review Services Committee of 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

June 20, 2018

**Statements of Financial Position
LOVE THE HUNGRY, INC.
December 31, 2017 and 2016**

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents-Note 2	\$ 29,800	\$ 44,786
Packaged product inventory-Note 2	<u>24,948</u>	<u>36,068</u>
TOTAL CURRENT ASSETS	54,748	80,854
 EQUIPMENT		
Equipment and fixtures-Note 2	4,354	4,354
Less Accumulated depreciation	<u>4,100</u>	<u>3,849</u>
	<u>254</u>	<u>505</u>
	<u>\$ 55,002</u>	<u>\$ 81,359</u>
 TOTAL ASSETS		
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Deferred revenue	\$ 5,000	\$ -
Payroll taxes payable	<u>1,457</u>	<u>1,362</u>
TOTAL LIABILITIES	6,457	1,362
 NET ASSETS-Note 2		
Unrestricted for current operations	40,394	74,163
Temporarily restricted	<u>8,151</u>	<u>5,834</u>
	<u>48,545</u>	<u>79,997</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 55,002</u>	 <u>\$ 81,359</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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Functional Allocation			
					Program Services	Management	Fundraising	Total
NET REVENUE	\$157,683	\$ 2,317	-	\$ 160,000	\$ 160,000			\$ 160,000
COST OF SERVICES	103,903	-		103,903	103,903			103,903
GROSS MARGIN	53,780	2,317	-	56,097	56,097	-	-	56,097
OPERATING EXPENSES								
Payroll-director	46,500			46,500	37,200	6,975	2,325	46,500
Payroll-adm	2,810			2,810	2,248	422	141	2,810
Payroll taxes	3,772			3,772	3,018	566	189	3,772
Employee benefits	1,500			1,500	1,200	225	75	1,500
Awards and grants	300			300	300			300
Dues and subscriptions	585			585		585		585
Facilities rental	3,000			3,000	2,400	600	-	3,000
Fundraising expenses	724			724			724	724
Insurance	2,381			2,381	1,905	357	119	2,381
Mailing service	942			942	754	141	47	942
Maintenance and repairs	935			935		935		935
Marketing expense	856			856	514	-	342	856
Meeting and travel expense	4,069			4,069	3,255	610	203	4,069
Office supplies and expense	1,059			1,059	847	159	53	1,059
Printing and copying expense	252			252	202	38	13	252
Professional fees-accounting	2,653			2,653	265	2,255	133	2,653
Professional fees-coaching	2,513			2,513	2,010	377	126	2,513
Professional fees-website	931			931	186	605	140	931
Professional fees-fundraising platform	5,988			5,988	1,198	1,198	3,593	5,988
Professional fees-data base	668			668	134	434	100	668
Professional fees-alliance for better nutr.	2,000			2,000	2,000	-	-	2,000
Telephone	1,531			1,531	1,225	230	77	1,531
Volunteering training and support	1,329			1,329	1,329			1,329
Depreciation	251			251	201	38	13	251
TOTAL OPERATING EXPENSES	<u>87,549</u>	<u>-</u>	<u>-</u>	<u>87,549</u>	<u>62,389</u>	<u>16,749</u>	<u>8,411</u>	<u>87,549</u>
INCREASE IN NET ASSETS	(33,769)	2,317	-	(31,452)	<u>\$ (6,292)</u>	<u>\$ (16,749)</u>	<u>\$ (8,411)</u>	<u>\$ (31,452)</u>
NET ASSETS BEGINNING OF YEAR	<u>74,163</u>	<u>5,834</u>	<u>-</u>	<u>79,997</u>				
NET ASSETS END OF YEAR	<u>\$ 40,394</u>	<u>\$ 8,151</u>	<u>\$ -</u>	<u>\$ 48,545</u>				

Statements of Activities and Changes in Net Assets
LOVE THE HUNGRY, INC.
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Functional Allocation			
					Program Services	Management	Fundraising	Total
NET REVENUE	\$214,198	\$ 5,507	-	\$ 219,705	\$ 219,705			\$ 219,705
COST OF OPERATIONS	114,416	3,698		118,114	118,114			118,114
GROSS MARGIN	99,782	1,809	-	101,591	101,591	-	-	101,591
OPERATING EXPENSES								
Payroll-director	46,835			46,835	37,468	7,025	2,342	46,835
Payroll-adm	3,800			3,800	3,040	570	190	3,800
Payroll taxes	3,681			3,681	2,945	552	184	3,681
Awards and grants	900			900	900			900
Dues and subscriptions	441			441		441		441
Facilities rental	3,000			3,000	2,400	600	-	3,000
Fundraising expenses	2,057			2,057			2,057	2,057
Insurance	2,764			2,764	2,211	415	138	2,764
Mailing service	401			401	321	60	20	401
Maintenance and repairs	594			594		594		594
Marketing expense	1,892			1,892	1,135	-	757	1,892
Meeting and travel expense	8,268			8,268	6,614	1,240	413	8,268
Office supplies and expense	1,121			1,121	897	168	56	1,121
Printing and copying expense	1,825			1,825	1,460	274	91	1,825
Professional fees-accounting	2,633			2,633	263	2,238	132	2,633
Professional fees-legal	194			194	19	165	10	194
Professional fees-website	581			581	116	378	87	581
Professional fees-fundraising platform	5,558			5,558	1,112	1,112	3,335	5,558
Professional fees-data base	1,495			1,495	299	972	224	1,495
Professional fees-alliance for better nutr.	2,000			2,000	2,000	-	-	2,000
Telephone	1,460			1,460	1,168	219	73	1,460
Volunteering training and support	760			760	760			760
Depreciation	769			769	615	115	38	769
TOTAL OPERATING EXPENSES	<u>93,029</u>	<u>-</u>	<u>-</u>	<u>93,029</u>	<u>65,744</u>	<u>17,138</u>	<u>10,148</u>	<u>93,029</u>
INCREASE IN NET ASSETS	6,753	1,809	-	8,562	<u>\$ 35,847</u>	<u>\$ (17,138)</u>	<u>\$ (10,148)</u>	<u>\$ 8,562</u>
NET ASSETS BEGINNING OF YEAR	<u>67,410</u>	<u>4,025</u>	<u></u>	<u>71,435</u>				
NET ASSETS END OF YEAR	<u>\$ 74,163</u>	<u>\$ 5,834</u>	<u>\$ -</u>	<u>\$ 79,997</u>				

Statements of Cash Flows
LOVE THE HUNGRY, INC.
For the Year Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FROM OPERATING ACTIVITIES		
Increase/(Decrease) in net assets	(\$31,452)	\$ 8,562
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	251	769
Inventory	11,120	328
Accounts payable	-	(14,453)
Deferred revenue	5,000	-
Change in payroll taxes payable	<u>95</u>	<u>75</u>
Cash Provided by Operations	(14,986)	(4,719)
Cash Beginning of Year	<u>44,786</u>	<u>49,505</u>
Cash End of Year	<u>\$ 29,800</u>	<u>\$ 44,786</u>

See accompanying notes and independent accountant's compilation report

Notes to financial Statements

LOVE THE HUNGRY, INC.

December 31, 2017 and 2016

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. In 2016, Love the Hungry became a charter member of the Alliance for Better Nutrition (ABN). Many ingredients and packaging supplies are purchased through ABN, including M+ Micronutrients. The ABN provides volume discounts and high standards for quality control and sanitation.

Love the Hungry, Inc. has launched a collaborative project designed to address the urgent need for humanitarian aid in South Sudan. The project will include the 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, 2017 and 2016, there were no amounts due or 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.

Notes to financial Statements
LOVE THE HUNGRY, INC.
December 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Cash and Cash Equivalents-continued

At December 31, 2017 and 2016, management believes that the carrying amount of cash equivalents approximates fair value, because of the short maturity of these financial instruments.

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 life 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 life, are capitalized and depreciated over the remaining estimated useful life 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 of assets 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.

Notes to financial Statements
LOVE THE HUNGRY, INC.
December 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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.

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 years-ended December 31, 2017 and 2016, donations of \$2,317 and \$5,507, respectively, were designated by the board of directors for the construction of a nutritional center in South Sudan. See Note 6 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, 2017 and 2016, 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 2017 and 2016, more than 4,600 and 4,800 volunteers, respectively, participated in packaging events. For the years ended December 31, 2017 and 2016, the Organization provided over 770,000 and 1,000,000 meals, respectively.

Notes to financial Statements
LOVE THE HUNGRY, INC.
December 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Areas Assisted

The organization provided over 33,000 and 81,000 meals, to local agencies serving families throughout Kentucky and Southern Indiana for the years ended December 31, 2017 and 2016, respectively. During the same period, Love the Hungry delivered aid to non-governmental organizations in ten different countries including El Salvador, Greece, Guatemala, Haiti, Jamaica, Kenya, Mali, Nigeria, South Sudan, and the U.S./Puerto Rico.

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 T-shirts with information regarding the organization's mission. A listing of revenue for the years-ended December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Donations-non-profit organizations	\$105,293	\$131,412
Donations-individuals and businesses	52,738	84,761
Other income	1,969	3,532
Total Revenue	<u>\$160,000</u>	<u>\$219,705</u>

Notes to financial Statements
LOVE THE HUNGRY, INC.
December 31, 2017 and 2016

NOTE 4. COST OF OPERATIONS

The Organization's cost of operations includes the cost of ingredients and packaging, shipping and delivery costs and the cost of the T-shirts sold. A listing of costs for the years-ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Food and packaging	\$ 79,539	\$ 98,662
Shipping and delivery	24,364	19,452
Total Direct Cost of Operations	<u>\$103,903</u>	<u>\$118,114</u>

In 2016 and later, Love the Hungry upgraded its donor options by investing in an online giving platform-classy.org. The platform provides greater capacity for fundraising and analysis.

The shipping expenses in 2017 were higher due to shipments to the Sudan.

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, 2017 and 2016 amounted to \$3,000 and \$3,000, respectively.

NOTE 6. 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, \$12,187 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 June 20, 2018, 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.