

**Financial Statements**

**LOVE THE HUNGRY, INC.**

**December 31, 2018 and 2017**

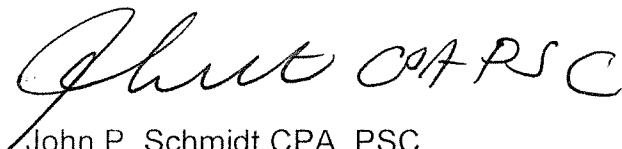
Financial Statements  
LOVE THE HUNGRY, INC.  
December 31, 2018 and 2017

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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, 2018 and 2017, 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

September 30, 2019

**Statements of Financial Position**  
**LOVE THE HUNGRY, INC.**  
**December 31, 2018 and 2017**

<b>ASSETS</b>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents-Note 2	\$ 18,054	\$ 29,800
Packaged product inventory-Note 2	<u>74,223</u>	<u>24,948</u>
<b>TOTAL CURRENT ASSETS</b>	<b>92,277</b>	<b>54,748</b>
 <b>EQUIPMENT</b>		
Equipment and fixtures-Note 2	4,354	4,354
Less Accumulated depreciation	<u>4,354</u>	<u>4,100</u>
	<u>-</u>	<u>254</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 92,277</u></b>	<b><u>\$ 55,002</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Deferred revenue	\$ -	\$ 5,000
Payroll taxes payable	<u>1,857</u>	<u>1,457</u>
<b>TOTAL LIABILITIES</b>	<b>1,857</b>	<b>6,457</b>
 <b>NET ASSETS-Note 2</b>		
Without donor restrictions	90,420	48,545
With donor restrictions	<u>-</u>	<u>-</u>
	<u>90,420</u>	<u>48,545</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 92,277</u></b>	<b><u>\$ 55,002</u></b>

See accompanying notes and accountant's compilation report

Statement of Activities and Changes in Net Assets  
 LOVE THE HUNGRY, INC.  
 For the Year Ended December 31, 2018

	Total	Functional Allocation			Total
		Program Services	Management	Fundraising	
<b>NET REVENUE</b>	\$ 212,725	\$ 212,725	\$ -	\$ -	\$ 212,725
<b>COST OF SERVICES</b>	75,329	75,329	-	-	75,329
<b>GROSS MARGIN</b>	137,396	137,396	-	-	137,396
<b>OPERATING EXPENSES</b>					
Payroll-director	46,500	39,525	4,650	2,325	46,500
Payroll-adm	16,526	14,047	1,653	826	16,526
Payroll taxes	4,835	4,110	484	242	4,835
Employee benefits	1,500	1,275	150	75	1,500
Awards and grants	500	500	-	-	500
Dues and subscriptions	645	-	645	-	645
Facilities rental	3,175	2,540	635	-	3,175
Fundraising expenses	1,755	-	-	1,755	1,755
Insurance	5,926	4,741	889	296	5,926
Mailing service	323	258	48	16	323
Maintenance and repairs	224	-	224	-	224
Marketing expense	1,010	606	-	404	1,010
Meeting and travel expense	794	675	79	40	794
Office supplies and expense	1,526	1,221	229	76	1,526
Printing and copying expense	236	189	35	12	236
Professional fees-accounting	2,742	274	2,331	137	2,742
Professional fees-website	671	134	436	101	671
Professional fees-fundraising platform	3,588	718	718	2,153	3,588
Professional fees-data base	708	142	460	106	708
Telephone	1,495	1,196	224	75	1,495
Volunteering training and support	588	588	-	-	588
Depreciation	254	203	38	13	254
<b>TOTAL OPERATING EXPENSES</b>	<u>95,521</u>	<u>72,941</u>	<u>13,928</u>	<u>8,652</u>	<u>95,521</u>
<b>INCREASE IN NET ASSETS</b>	41,875	\$ 64,455	\$ (13,928)	\$ (8,652)	\$ 41,875
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>48,545</u>				
<b>NET ASSETS END OF YEAR</b>	<u>\$ 90,420</u>				

Statement of Activities and Changes in Net Assets  
 LOVE THE HUNGRY, INC.  
 For the Year Ended December 31, 2017

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

**Statements of Cash Flows-Indirect Method**  
**LOVE THE HUNGRY, INC.**  
**For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Increase/(Decrease) in net assets	\$41,875	(\$31,452)
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	254	251
Inventory	(49,275)	11,120
Accounts payable	-	-
Deferred revenue	( 5,000)	5,000
Change in payroll taxes payable	<u>400</u>	<u>95</u>
Cash Provided by Operating Activity	(11,746)	( 14,986)
Cash Beginning of Year	<u>29,800</u>	<u>44,786</u>
Cash End of Year	<u>\$18,054</u>	<u>\$ 29,800</u>

See accompanying notes and accountant's compilation report

**Notes to financial Statements**  
**LOVE THE HUNGRY, INC.**  
**December 31, 2018 and 2017**

**NOTE 1. NATURE OF OPERATIONS**

Love the Hungry, 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.

The organization uses Mathile M+ Micronutrients, 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**

**Basis of Presentation**

The financial statements of Love the Hungry, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset descriptions:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Love the Hungry, Inc.'s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Love the Hungry, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds to be maintained in perpetuity.



**Notes to financial Statements**  
**LOVE THE HUNGRY, INC.**  
**December 31, 2018 and 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

**Basis of Presentation**

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

For the years-ended December 31, 2018 and 2017, donations of \$583 and \$2,317, respectively, were designated by the board of directors for the construction of a nutritional center and water initiative project in South Sudan. Since these contributions have not been restricted by their donors, they are classified as contributions without donor restrictions. See Note 7 for further discussion of this matter.

**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, 2018, and 2017, there were no amounts receivable or payable.

**Cash, Cash Equivalents and Liquidity**

Love the Hungry, Inc.'s cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with maturities of three months or less from the date of purchase. All cash and cash equivalents on the balance sheet are available within one year of the balance sheet date to meet cash needs for general expenditures.

As of December 31, 2018, and 2017, the Organization did not have any cash equivalents.

**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.

**Notes to financial Statements**  
**LOVE THE HUNGRY, INC.**  
**December 31, 2018 and 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

**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.

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions, if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Notes to financial Statements**  
**LOVE THE HUNGRY, INC.**  
**December 31, 2018 and 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

**Contributions-continued**

Contributed tangible property and equipment are recorded at fair value as of the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

***In-Kind Donations***

Love the Hungry, Inc. received donated corrugated cartons of \$5,400 for the year ended December 31, 2018. Such amounts, which are based upon information provided by third party providers, are recorded at their estimated fair value determined on the date of the contribution and are reported as contributions in-kind on the accompanying statement of activities.

**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 2018 and 2017, more than 4,800 and 4,600 volunteers, respectively, participated in packaging events. For the years ended December 31, 2018 and 2017, the Organization delivered over 573,000 and 770,000 meals, respectively.

***Functional Expenses***

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program administrative and fund-raising expenses on an equitable basis as determined by management.

**Notes to financial Statements**  
**LOVE THE HUNGRY, INC.**  
**December 31, 2018 and 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

**Areas Assisted**

The organization provided over 53,000 and 33,000 meals, to local agencies serving families throughout Kentucky and Southern Indiana for the years ended December 31, 2018 and 2017, respectively. During these same periods, Love the Hungry delivered aid to non-governmental organizations in eight different countries including: The Dominican Republic, El Salvador, Guatemala, Haiti, Mali, Niger, South Sudan, and the U.S./Puerto Rico.

**Management's Estimates**

The preparation of financial statements, in conformity with US GAAP, 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.

***Reclassifications***

Certain prior year amounts have been reclassified to conform to the current year presentation. Specifically, temporarily restricted net assets reported on the previous financial statements have been reclassified as net assets without donor restrictions. These net assets were restricted by board designation rather than donor restrictions.

***New Accounting Pronouncement***

On August 18, 2016, FASB issued ASU 2016-14, Not-For-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classifications, deficiencies in information and liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Love the Hungry, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**NOTE 3. AVAILABILITY AND LIQUIDITY**

Love the Hungry, Inc.'s goal is generally to maintain financial assets to meet 90 days of operations. As of December 31, 2018, and 2017, the Organizations only financial assets consisted of cash in bank deposits and are available to meet general expenditures over the next twelve months.

**Notes to financial Statements**  
**LOVE THE HUNGRY, INC.**  
**December 31, 2018 and 2017**

**NOTE 4. 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, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Donations-non-profit organizations	\$136,057	\$105,293
Donations-individuals and businesses	69,888	52,738
In-Kind donations	5,400	-
Other income	<u>1,380</u>	<u>1,969</u>
Total Revenue	<u>\$212,725</u>	<u>\$160,000</u>

**NOTE 5. COST OF OPERATIONS**

The Organization's cost of operations includes the cost of ingredients, packaging, shipping and delivery costs, and the cost of the T-shirts sold. A listing of costs for the years-ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Food, supplies and packaging	\$ 65,951	\$ 79,539
Shipping and delivery	<u>9,378</u>	<u>24,364</u>
Total Direct Cost of Operations	<u>\$ 75,329</u>	<u>\$103,903</u>

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

**NOTE 6. FACILITY LEASE**

The Organization leases its facilities under an annual lease commitment with Resurrection Lutheran Church. Rent expense for the years ended December 31, 2018 and 2017 amounted to \$3,175 and \$3,000, respectively.

**Notes to financial Statements**  
**LOVE THE HUNGRY, INC.**  
**December 31, 2018 and 2017**

**NOTE 7. SOUTH SUDAN INITIATIVE**

As described in Note 2 above, the board of directors has launched an initiative to build a nutritional center in South Sudan. The estimated cost of this program and facility is \$25,000. To date, \$12,770 in donations has been earmarked for this purpose. The Organization plans to raise the balance of the funds through a future fundraising event.

**NOTE 8. SUBSEQUENT EVENTS**

Organization management evaluated subsequent events through September 30, 2019, 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.