

LOVE THE HUNGRY, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

LOVE THE HUNGRY, INC.

CONTENTS

	Page
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statement of Activities and Changes in Net Assets Year Ended December 31, 2021	3
Statement of Activities and Changes in Net Assets Year Ended December 31, 2020	4
Statements of Cash Flows - Indirect Method	5
Notes to the Financial Statements	6-10

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the financial statements of Love the Hungry, Inc., (a non-profit organization), which comprise of the statements of financial position as of December 31, 2021 and 2020, 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. We 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. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

July 23, 2022

LOVE THE HUNGRY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

	DECEMBER 31	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,219	\$ 10,467
Short-term investment	10,367	
Packaged product inventory	39,493	5,921
Total current assets	64,079	16,388
PROPERTY & EQUIPMENT		
Equipment and fixtures	4,354	4,354
Less - accumulated depreciation	4,354	4,354
Property & equipment (net)		
TOTAL ASSETS	\$ 64,079	\$ 16,388
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll taxes payable	\$ 1,735	\$ 1,851
NET ASSETS		
Without donor restrictions	62,344	14,537
TOTAL LIABILITIES AND NET ASSETS	\$ 64,079	\$ 16,388

The accompanying notes are integral part of these financial statements.

LOVE THE HUNGRY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

	Total	Program Services	Management	Fundraising
NET REVENUE	\$ 159,267	\$ 159,267	\$ -	\$ -
COST OF SERVICES	<u>38,725</u>	<u>38,725</u>	<u>-</u>	<u>-</u>
GROSS MARGIN	120,542	120,542	-	-
OPERATING EXPENSES				
Payroll - director	46,500	39,525	4,650	2,325
Payroll taxes	3,639	3,093	364	182
Employee benefits	3,000	2,550	300	150
Dues and subscriptions	1,109	-	1,109	-
Facilities rental	3,000	2,400	600	-
Insurance	6,967	5,574	1,045	348
Mailing service	252	202	38	13
Maintenance and repairs	314	-	314	-
Marketing expense	413	248	-	165
Meeting and travel expense	370	316	36	18
Office supplies and expense	795	636	119	40
Printing and copying expense	177	142	27	8
Professional fees - accounting and legal	3,541	354	3,010	177
Professional fees - database	1,140	228	741	171
Telephone	1,020	816	153	51
Volunteering training and support	498	498	-	-
TOTAL OPERATING EXPENSES	<u>72,735</u>	<u>56,582</u>	<u>12,506</u>	<u>3,647</u>
INCREASE IN NET ASSETS	47,807	\$ <u>63,960</u>	\$ <u>(12,506)</u>	\$ <u>(3,647)</u>
NET ASSETS BEGINNING OF YEAR	<u>14,537</u>			
NET ASSETS END OF YEAR	<u>\$ <u>62,344</u></u>			

The accompanying notes are integral part of these financial statements.

LOVE THE HUNGRY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

	Total	Program Services	Management	Fundraising
NET REVENUE	\$ 146,033	\$ 146,033	\$ -	\$ -
COST OF SERVICES	<u>125,099</u>	<u>125,099</u>	<u>-</u>	<u>-</u>
GROSS MARGIN	20,934	20,934	-	-
OPERATING EXPENSES				
Payroll - director	48,288	41,045	4,829	2,414
Payroll - adm	6,058	5,149	606	303
Payroll taxes	4,018	3,415	402	201
Employee benefits	2,625	2,231	263	131
Dues and subscriptions	719	-	719	-
Facilities rental	3,000	2,400	600	-
Insurance	4,376	3,501	656	219
Mailing service	385	308	58	19
Maintenance and repairs	1,987	-	1,987	-
Marketing expense	554	332	-	222
Meeting and travel expense	487	414	49	24
Office supplies and expense	598	478	90	30
Printing and copying expense	207	166	31	10
Professional fees - accounting	2,693	269	2,289	135
Professional fees - website	406	81	264	61
Professional fees - fundraising platform	806	161	161	484
Professional fees - database	827	165	538	124
Telephone	1,020	816	153	51
Volunteering training and support	1,070	1,070	-	-
TOTAL OPERATING EXPENSES	<u>80,124</u>	<u>62,003</u>	<u>13,693</u>	<u>4,428</u>
DECREASE IN NET ASSETS	(59,190)	\$ <u>(41,069)</u>	\$ <u>(13,693)</u>	\$ <u>(4,428)</u>
NET ASSETS BEGINNING OF YEAR	<u>73,727</u>			
NET ASSETS END OF YEAR	<u>\$ 14,537</u>			

The accompanying notes are integral part of these financial statements.

LOVE THE HUNGRY, INC.
STATEMENTS OF CASH FLOWS - INDIRECT METHOD
YEARS ENDED DECEMBER 31, 2021 AND 2020
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

	YEARS ENDED DECEMBER 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 47,807	\$ (59,190)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Short-term investment	(10,367)	
Packaged product inventory	(33,572)	52,278
Payroll taxes payable	(116)	
	3,752	(6,912)
Net cash flows provided by (used in) operating activities	3,752	(6,912)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	10,467	17,379
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 14,219	\$ 10,467

The accompanying notes are integral part of these financial statements.

LOVE THE HUNGRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

NOTE 1 - NATURE OF OPERATIONS

Love the Hungry, Inc., (the Organization), 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, Inc. 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 also includes a clean water initiative that was completed in 2019 and consists of a borehole well, solar pumping station, water tower and security fencing.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, whereby the donor has stipulated the funds to be maintained in perpetuity.

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.

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, 2021, and 2020, 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, 2021, and 2020, the Organization did not have any cash equivalents.

LOVE THE HUNGRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS – The Organization receives, from time-to-time, donations of marketable securities that are listed at their fair market value as of the date of the statement of financial position. It is the organization's policy to sell these securities as soon as practical after they are received. Therefore, these investments are listed as short-term investments on the statement of financial position.

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 because 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.

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 2020, the Organization received a one-time gift of \$19,500 designated for Nile Orphan Care, an educational center in South Sudan. Although this gift is not part of the South Sudan Initiative, (Note 7), it does assist the people of South Sudan. The gift was disbursed in 2020 and is included as part of the cost of operations list in Note 5.

LOVE THE HUNGRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS (CONTINUED) – During the years ended December 31, 2021 and 2020, Love the Hungry, Inc. received \$9,687 and \$9,262, respectfully from the Small Business Administration (SBA) Payroll Protection Program. The organization has met the SBA's requirement for loan forgiveness and has chosen to recognize the loan forgiveness in accordance with FASB ASC 958-605 as a conditional contribution. As a conditional contribution, the organization has recognized the receipt as income in the current year as it has substantially met the requirements for loan forgiveness.

IN-KIND DONATIONS – Love the Hungry, Inc. received in-kind donations of \$5,500 and \$5,400 consisting of corrugated cartons for the years ended December 31, 2021 and 2020, respectfully. 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 2021 and 2020, more than 1,900 and 1,300 volunteers, respectively, participated in packaging events. For the years ended December 31, 2021 and 2020, the Organization delivered over 291,000 and 608,000 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.

AREAS ASSISTED – The organization provided over 61,000 and 97,000 meals, to local agencies serving families throughout Kentucky and Southern Indiana for the years ended December 31, 2021 and 2020, respectively. During these same periods, the Organization delivered aid to non-governmental organizations in different countries including, Cuba, Ethiopia, Guatemala, Haiti, Lebanon, Liberia, Puerto Rico, Republic of Georgia, South Sudan, Ukraine, and the United States.

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.

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.

LOVE THE HUNGRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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, 2021 and 2020, the Organizations only financial assets consisted of cash in bank deposits and are available to meet general expenditures over the next twelve months.

NOTE 4 - ORGANIZATION REVENUE

The Organization's 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, is as follows:

	<u>2021</u>	<u>2020</u>
Donations non-profit organizations	\$ 67,958	\$ 70,778
Donations individuals and businesses	76,122	40,971
In-kind donations	5,500	5,400
Nile Orphan Care		19,500
SBA Payroll Protection Loan	9,687	9,262
Other income		122
Total Revenue	<u>\$159,267</u>	<u>\$146,033</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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Food, supplies and packaging	\$ 29,952	\$ 92,019
South Sudan Nutrition Center	4,452	4,456
Nile Orphan Care		19,500
Shipping and delivery	4,321	9,124
Total Direct Cost of Operations	<u>\$ 38,725</u>	<u>\$125,099</u>

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, 2021 and 2020 amounted to \$3,000 and \$3,000, respectively.

LOVE THE HUNGRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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 first phase of the program has been completed and includes a clean water initiative.

Phase two, that addressed a kitchen facility, storage, dining space and hand washing stations incurred costs of \$4,452 and \$4,456 in 2021 and 2020, respectfully. This mainly consisted of a monthly stipend of \$371.

NOTE 8 – SUBSEQUENT EVENTS

Organization management evaluated subsequent events through July 23, 2022, 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.