

LOVIN' SPOONFULS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
TOGETHER WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

LOVIN' SPOONFULS, INC.
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DECEMBER 31, 2012 AND 2011

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

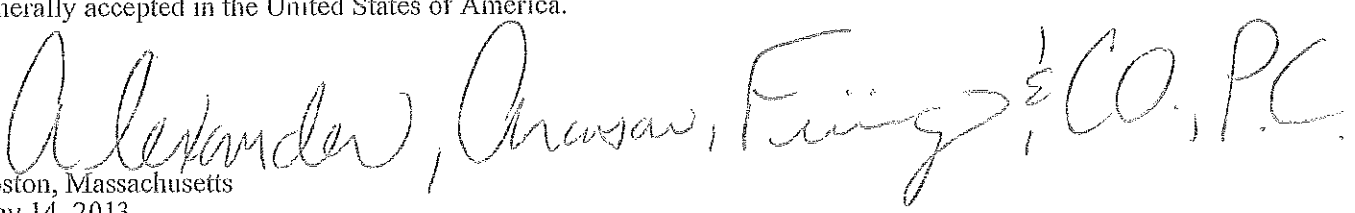
To the Board of Directors of
Lovin' Spoonfuls, Inc.:

We have reviewed the accompanying statements of financial position of Lovin' Spoonfuls, Inc. (a Massachusetts corporation, not for profit) (the Agency) as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Agency's management. A review is substantially less in scope than an audit, the objective of which is an expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.


Boston, Massachusetts
May 14, 2013

LOVIN' SPOONFULS, INC.

STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2012 AND 2011
 (See Independent Accountants' Review Report)

	2012		2011	
	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED
ASSETS				
CURRENT ASSETS:				
Cash	\$ 271,945	\$ 15,625	\$ 152,662	\$ -
Contributions receivable	22,540	-	4,304	-
Prepaid expenses	505	-	5,754	-
Total current assets	294,990	15,625	162,720	-
PROPERTY AND EQUIPMENT, net	47,632	-	66,684	-
Total assets	\$ 342,622	\$ 15,625	\$ 229,404	\$ -
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Current portion of note payable	\$ 8,617	\$ -	\$ 7,988	\$ -
Accounts payable and accrued expenses	27,964	-	13,661	-
Total current liabilities	36,581	-	21,649	-
NOTE PAYABLE, net of current portion	29,445	-	38,756	-
Total liabilities	66,026	-	60,405	-
NET ASSETS:				
Unrestricted:				
Operating	267,026	-	149,059	-
Property and equipment	9,570	-	19,940	-
Total unrestricted	276,596	-	168,999	-
Temporarily restricted	-	15,625	-	-
Total net assets	276,596	15,625	168,999	-
Total liabilities and net assets	\$ 342,622	\$ 15,625	\$ 229,404	\$ -

The accompanying notes are an integral part of these statements.

LOVIN' SPOONFULS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(See Independent Accountants' Review Report)

	2012		2011	
	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED
OPERATING REVENUES:				
Grants and contributions	\$ 292,038	\$ 15,625	\$ 166,643	\$ -
In-kind food	293,123	-	172,539	-
Special events, net	73,642	-	40,834	-
Other income	64	-	-	-
Total operating revenues	<u>658,867</u>	<u>15,625</u>	<u>380,016</u>	<u>-</u>
OPERATING EXPENSES:				
Program services	451,105	-	254,307	-
General and administrative	60,066	-	27,987	-
Fundraising	40,099	-	28,007	-
Total operating expenses	<u>551,270</u>	<u>-</u>	<u>310,301</u>	<u>-</u>
Changes in net assets	107,597	15,625	69,715	-
NET ASSETS, beginning of year	<u>168,999</u>	<u>-</u>	<u>99,284</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 276,596</u>	<u>\$ 15,625</u>	<u>\$ 168,999</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

LOVIN' SPOONFULS, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**
(See Independent Accountants' Review Report)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 123,222	\$ 69,715
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	19,052	14,667
Changes in operating assets and liabilities:		
Contributions receivable	(18,236)	(4,304)
Prepaid expenses	5,249	(5,754)
Accounts payable and accrued expenses	<u>14,303</u>	<u>13,661</u>
Net cash provided by operating activities	143,590	87,985
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	-	(8,639)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(8,682)</u>	<u>(4,000)</u>
NET INCREASE IN CASH	134,908	75,346
CASH, beginning of year	<u>152,662</u>	<u>77,316</u>
CASH, end of year	<u>\$ 287,570</u>	<u>\$ 152,662</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 3,524</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTION:		
Property and equipment financed by notes payable	<u>\$ -</u>	<u>\$ 46,744</u>

The accompanying notes are an integral part of these statements.

LOVIN' SPOONFULS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(See Independent Accountants' Review Report)

	2012			2011				
	PROGRAM	GENERAL AND ADMINIS-TRATIVE	FUND-RAISING	TOTAL	PROGRAM	GENERAL AND ADMINIS-TRATIVE	FUND-RAISING	TOTAL
In-kind food	\$ 293,123	\$ -	\$ -	\$ 293,123	\$ 172,539	\$ -	\$ -	\$ 172,539
Salaries and related	97,976	25,860	25,860	149,696	38,251	10,248	13,211	61,710
Vehicle	19,172	-	-	19,172	10,654	-	-	10,654
Depreciation	13,456	2,798	2,798	19,052	8,852	3,552	2,263	14,667
Advertising and marketing	8,856	-	8,857	17,713	5,168	-	5,168	10,336
Professional fees	-	15,185	300	15,485	-	9,085	4,000	13,085
Office expense	1,096	7,327	227	8,650	3,057	808	3,057	6,922
Repairs and maintenance	6,464	-	-	6,464	4,099	-	-	4,099
Miscellaneous	1,780	2,276	-	4,056	1,840	827	-	2,667
Interest	3,524	-	-	3,524	-	-	-	-
Printing and postage	1,057	1,056	1,057	3,170	1,039	1,040	58	2,137
Rent and utilities	1,000	1,000	1,000	3,000	250	250	250	750
Food and beverage	73	2,360	-	2,433	234	917	-	1,151
Travel	1,175	551	-	1,726	1,282	15	-	1,297
Bank and service fees	-	1,653	-	1,653	-	1,245	-	1,245
Supplies and materials	1,454	-	-	1,454	6,522	-	-	6,522
Insurance	899	-	-	899	520	-	-	520
Total expenses	\$ 451,105	\$ 60,066	\$ 40,099	\$ 551,270	\$ 254,307	\$ 27,987	\$ 28,007	\$ 310,301

The accompanying notes are an integral part of these statements.

LOVIN' SPOONFULS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

(See Independent Accountants' Review Report)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Lovin' Spoonfuls, Inc. (the Agency) was formed on January 29, 2010, to facilitate the recovery and distribution of perishable and unserved foods that would otherwise be thrown away and wasted. The Agency delivers this food directly to local crisis centers, soup kitchens and other social assistance entities.

The Agency is exempt from Federal income taxes as a not-for-profit organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Agency is also exempt from state income taxes. Contributions made to the Agency are deductible by donors within the IRC requirements.

SIGNIFICANT ACCOUNTING POLICIES

The Agency prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Cash

For the purpose of the statements of cash flows, management considers checking and savings accounts to be cash.

Contributions Receivable and Allowance for Doubtful Accounts

Contributions receivable are recorded at the invoiced amount and do not bear interest. The allowance, if any, is based upon specific identification of probable losses and an estimate of additional losses based on historical experience. Account balances are charged off against the allowance when it is probable that the receivable will not be recovered. There was no allowance for doubtful accounts at December 31, 2012 or 2011.

Revenue Recognition

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Revenues from donor-restricted grants and pledges are recorded as temporarily restricted revenue and net assets when the Agency receives a commitment. Temporarily restricted net assets are reclassified to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor restricted grants and contributions whose restrictions are met in the year they are received or pledged are recorded as unrestricted net assets. Special events revenue is recorded in the period which the event takes place. All other revenues are recognized when earned.

In-kind Food Donations

The Agency receives in-kind food donations from various retailers, restaurants and farms. For the years ended December 31, 2012 and 2011, these goods are reflected in the accompanying financial statements based upon the estimated value assigned by the donating agencies or by management.

LOVIN' SPOONFULS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

(See Independent Accountants' Review Report)
(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Unrestricted Net Assets are those net resources that bear no external restrictions and are generally available for use by the Agency. The Agency has grouped its unrestricted net assets into the following categories:

Operating net assets represent funds available to carry on the operations of the Agency.

Property and equipment net assets represent amounts expended and resources available for property and equipment, net of related debt.

Temporarily Restricted Net Assets represent grants to the Agency to support future programs.

Fair Value Measurements

The Agency follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. The Agency values its qualifying assets and liabilities using Level I inputs. Level I inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred. Depreciation of property and equipment is computed using the straight-line half year method over the following estimated useful lives:

Vehicles	5 years
Website	3 years

LOVIN' SPOONFULS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(See Independent Accountants' Review Report)
(Continued)**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Advertising Costs

The Agency expenses advertising costs as incurred.

Uncertainty in Income Taxes

The Agency follows the standard for *Accounting for Uncertainty in Income Taxes*, which requires the Agency to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2012 and 2011, the Agency determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority. The Agency files information returns in the United States (Federal) and Massachusetts (state) jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.

Subsequent Events

Subsequent events have been evaluated through May 14, 2013, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

(2) RELATED PARTY TRANSACTIONS

A member of the Board of Directors is the Chief Financial Officer of a nonprofit organization that provides management services to the Agency (see Note 7). The Agency also leases space under a tenant-at-will agreement from the same nonprofit organization (see Notes 3 and 7). Another member of the Board of Directors is a partner at a law firm that the Agency paid \$100 and \$1,034 for legal services for the years ended December 31, 2012 and 2011, respectively.

(3) LEASES

The Agency occupied office space under a lease agreement which began in October, 2011, and expired in September, 2012 (see Note 2). Subsequent to September, 2012, the Agency continues to occupy this space as a tenant-at-will. Monthly payments are \$250. Rent expense and utilities under this agreement were \$3,000 and \$750 for the years ended December 31, 2012 and 2011, respectively.

LOVIN' SPOONFULS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

(See Independent Accountants' Review Report)

(Continued)

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
Vehicles	\$67,280	\$67,280
Website	<u>16,788</u>	<u>16,788</u>
	84,068	84,068
Less - accumulated depreciation	<u>36,436</u>	<u>17,384</u>
	<u>\$47,632</u>	<u>\$66,684</u>

(5) NOTE PAYABLE

In November, 2011, the Agency entered into a five-year note payable with a financing company in the amount of \$46,744 for the purchase of a vehicle. The note bears interest at 7.6% per annum and is secured by the vehicle. Monthly payments of principal and interest are \$939 and are due through December, 2016.

Future minimum payments under this agreement are as follows:

2013	\$ 8,617
2014	9,297
2015	10,027
2016	<u>10,121</u>
Total future minimum payments	38,062
Less - current portion	<u>8,617</u>
	<u>\$29,445</u>

(6) SPECIAL EVENTS, NET

Included in special events on the accompanying statements of activities and changes in net assets are the net proceeds from annual special events. Special event revenue and direct expenses are summarized as follows for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Special event contributions and other	\$62,260	\$24,432
Special event revenue	\$ 38,426	\$ 40,592
Less - direct expenses	<u>(27,044)</u>	<u>(24,190)</u>
	<u>11,382</u>	<u>16,402</u>
Special events, net	<u>\$73,642</u>	<u>\$40,834</u>

LOVIN' SPOONFULS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

(See Independent Accountants' Review Report)
(Continued)

(7) MANAGEMENT AGREEMENT

The Agency entered into an agreement for management services which expired in September, 2012 (see Note 2). This agreement has continued beyond September, 2012, without a written extension. Monthly payments under this agreement are \$500. Management expense under this agreement was \$9,332 and \$1,500 for the years ended December 31, 2012 and 2011, respectively, and is included in professional fees in the accompanying statements of functional expenses.