

Lifestyle Foods™

Options for healthy living.



SEWN

Saving Pennsylvania Jobs One Company at a Time

Wednesday, January 29th, 2014

WHO WE ARE



Founded in 2005, LIFESTYLE FOODS is on the cutting edge of the grab-and-go food market in the US.

As an ever-increasing number of consumers grow tired of sacrificing nutrition for convenience, LIFESTYLE FOODS continues to innovate healthy food options for the consumer on the go, providing viable alternatives without compromising flavor or portion. Product lines include fresh salads, healthy sandwiches, filling snacks and delicious sides.

LIFESTYLE FOODS items have received key national attention from wide-reaching outlets including The Today Show, where they were praised in a segment on healthy snacking.



OUR BUSINESS



- LIFESTYLE FOODS is a Prepared Foods Manufacturer located in New Oxford, PA with Corporate Offices in York.
- The business as a whole has gross sales exceeding 5.5 million dollars per year.
- The growth trend for 2014 is expected to exceed 6.5 million or greater.
- Currently, LIFESTYLE FOODS Employs a work force of more than 40 “Trendsetters” - the name we give to our staff members.
- We are projecting to have more than 50 Trendsetters before the end of 2014.



WHAT SETS US APART



LIFESTYLE FOODS' proprietary packaging process extends shelf-life while preserving food quality and safety - resulting in products that stay fresher longer than seemingly similar offerings. Further, a commitment to high-quality ingredients helps ensure that consumers are presented with the best possible product.

- Minimal Additives and Preservatives
- A Focus on Reducing Calories
- Overall Sodium and Fat Reduction
- Vegetarian and Vegan Offerings
- High Protein/ Lower Carb solutions
- No compromise in Flavor
- In addition, Locally sourced raw materials whenever feasible



OUR PRODUCTS

*LifestyleFoods*TM
Options for healthy living.



Salads

By focusing on the highest quality ingredients, we are able to deliver incredible salads paired with reduced sodium dressings that are low in fat and contain no corn syrup, but remain full in flavor.

Sandwiches - Our latest innovation

Our healthy sandwiches are uniquely designed to offer a quality product with an extended shelf life. Each sandwich is portioned to be filling without unnecessary calories, with each selection between 310 and 440 calories!



Snacks

Whether eating smaller portions or needing an extra boost between meals, our snacks pack great flavor profiles into portion controlled packages.

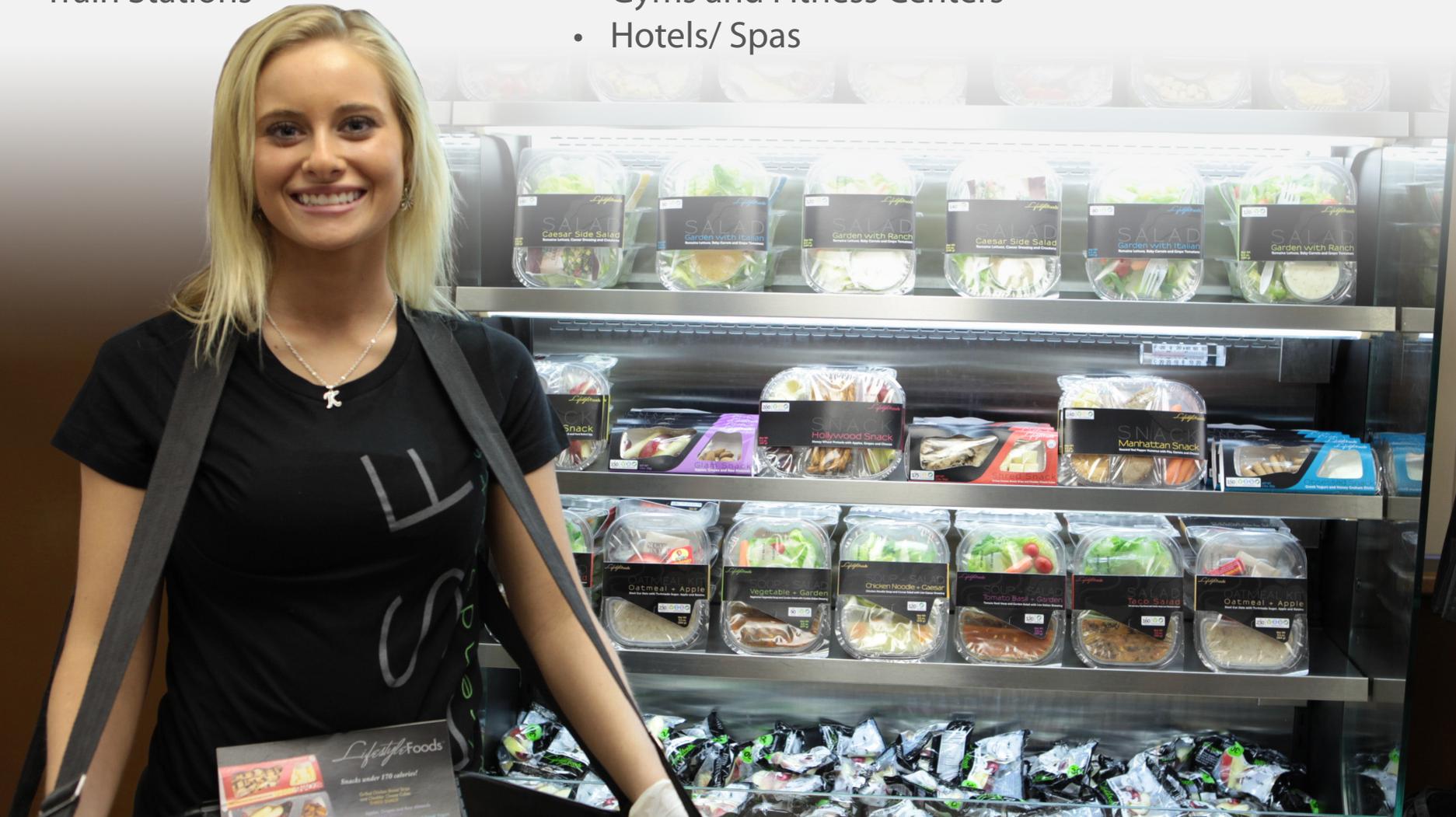
Sides

These protein rich, vegetarian friendly options pack great flavor profiles and make the perfect compliment to a healthy diet.



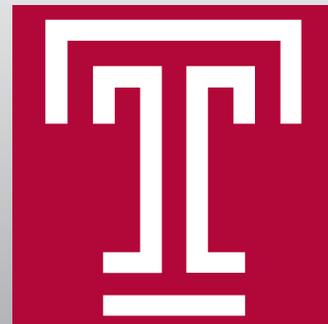
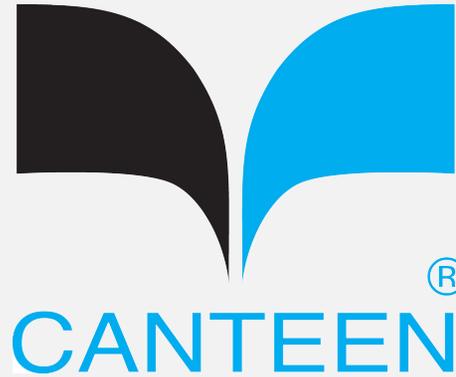
OUR FOCUS

- Vending
- Hospitals
- Colleges
- Universities
- Airports
- Train Stations
- Armed Forces
- Federal Buildings
- Businesses
- Convenience Stores
- Grocery Stores
- Gyms and Fitness Centers
- Hotels/ Spas



A SMALL SAMPLE OF OUR LOYAL CUSTOMERS

Lifestyle Foods™
Options for healthy living.



What brought us to
STEEL VALLEY AUTHORITY
and SEWN?



SEWN

Lifestyle **Foods**TM
Options for healthy living.

BACKSTORY



In January 2012 our President, Jason Bross, terminated the CFO for misrepresentation and poor performance.

Within days of termination, we gained full control over our bank accounts and financial accounting system.

At that time it was discovered that the former CFO had been embezzling from the company. The police were immediately called in for investigation. In addition, our president immediately contacted the IRS as we discovered that the former CFO had also turned off our payroll taxes through our payroll service.



BACKSTORY



Without making excuses, we were a small organization with limited resources. Hence, each member of the team had a specific specialty.

President/CEO- Sales

Vice President/COO – Operations and Technical

The CFO was brought in because he was a family friend with an accounting and money management background. Moreover, he was a made a part owner.

As a company, we could never quite get a handle on why we were so cash strapped and struggling. However, the financial reports presented each month by the CFO seemed to be believable in conjunction with the company's current state of affairs.

Of course, we now know that they were fabrications to cover his theft.

IN SUMMARY



To summarize a rather long story, the following discoveries were made:

- The former CFO's theft has now been reconciled to be over 2 million dollars beginning in 2006 to 2012.
- We were left with a back payable situation to current and previous vendors in the amount of well over 900K dollars with accounts shutting off supplies.
- Payroll taxes had been shut off twice during the company history which incurred personal levies.
- Tax filings, K-1's, etc. were completely fictitious.
- Accounting was incomplete and what was recorded was done incorrectly.
- In the case of older years, he had destroyed all records.
- Bank loans were completely behind and payments were not made despite some forbearance agreements already in place.
- There were direct cash withdrawals and transfers to the former CFO's personal banking account. He used company funds as a private finance account for all personal endeavors.
- During 2007-2012 the other owners were taking minimal or no salaries. One owner even filed personal bankruptcy to keep from having to leave the company.

ACTIONS TAKEN



From January 2012- May 2012, the owners took the following actions:

- As stated, we have been working with the Police, DA and IRS to bring the former CFO to justice. He was arrested and charged. Trial is scheduled for February 2014.
- The IRS was contacted and made aware of the situation.
- All vendors were contacted by the owners and written payment arrangements were set-up. Agreements started in March 2013. However, many repayments were completed before the agreements even started. All vendor agreements complete 5/2013
- Account system was updated and reconciled for accuracy in 2012.
- All company product costing were re-worked and verified for profitability. Many products were discontinued.
- LIFESTYLE FOODS contracted with SEWN (March 2013)

ENTER SEWN

March 2013, Enter SEWN

LIFESTYLE FOODS owes a great deal of thanks to SEWN. Even though we were quickly making great strides to repair the company, it was uncertain if we could survive without assistance in dealing with ongoing concerns. We certainly had no money for forensic accounting or sound third party advice and negotiation.

SEWN provided the following assistance:

- Analysis of the company's current financial position
- Verification of current and future operational profitability
- Assistance with continued work on rebuilding our books
- Review of Bank Loans and Feasibility of repayment
- Advice on all options regarding potential reorganization if necessary
- The biggest help was the 3rd party creditability. Banks, Lenders, IRS, etc. were certainly not going to rely on our word as to our current position.
- Matching LIFESTYLE FOODS with accounting firms for future assistance.

SEWN NEGOTIATIONS



March 2013 - December 2013

The final analysis was that LIFESTYLE FOODS was on track financially with the ability to sustain itself as a profitable company. However, the company was crippled by Bank Debt which would prohibit a positive cash flow position if it could not be reduced. SEWN went to our loan holders and negotiated enough debt forgiveness to keep the company going.

Adams County National Bank – 1.8 million negotiated to 900K at no interest

M&T Bank - 50% Reduction on loan balance

Adams County Economic Development Corp – Full balance due with no interest and a structured payment plan. As a note, the assistance from the CEDC was poor. The goal was to preserve the business and jobs. They were most uncooperative even down jeopardizing the deals set with private lenders. They refused meetings, dropped communications, and actually kept changing the negotiated deal once it was agreed on. SEWN went all the way to the Governor's office before they would commit to any deal.

IRS - Agreement to put account in non-collectable status until a constructive deal can be arranged. They are classifying us as victims of theft and are working with the company to resolve.

IN CLOSING



Again, all parties within LIFESTYLE FOODS would like to extend our gratitude for the assistance offered by SEWN.

I am confident that without their assistance the loss of more than 40 PA manufacturing jobs would have become a reality. Moreover, LIFESTYLE FOODS would no longer exist its current form.

Despite the situation, LIFESTYLE FOODS actually showed an operational profit at the end of 2013. The Company continues to show Growth, Greater Sales Focus, New Products and **More Jobs** in 2014.

Any Questions?

THANK YOU

