



FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

SECOND HELPINGS, INC.

TABLE OF CONTENTS

JUNE 30, 2008 AND 2007

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-11

INDEPENDENT AUDITORS' REPORT

Board of Directors
Second Helpings, Inc.
Indianapolis, Indiana

We have audited the accompanying statement of financial position of Second Helpings, Inc. as of June 30, 2008, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Second Helpings, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of Second Helpings, Inc. for the year ended June 30, 2007 were audited by other independent accountants, whose report thereon, dated October 1, 2007 expressed an unqualified opinion on those statements.

In our opinion, the June 30, 2008 financial statements referred to above present fairly, in all material respects, the financial position of Second Helpings, Inc. as of June 30, 2008 and the changes in net assets, cash flows, and functional expenses for the year then ended, in conformity with U.S. Generally Accepted Accounting Principles.

September 16, 2008

SECOND HELPINGS, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets:		
Cash and short-term investments	\$ 341,137	\$ 350,879
Investments	-	12,380
Accounts receivable, less allowance for doubtful accounts of \$4,500	16,029	27,981
Contributions receivable	10,000	47,266
Grants receivable, current	151,018	62,039
Inventories	81,282	62,751
Prepaid expenses and other assets	<u>10,535</u>	<u>7,047</u>
Total current assets	<u>610,001</u>	<u>570,343</u>
Property and Equipment:		
Land	49,700	49,700
Building and improvements	1,822,460	1,811,833
Furniture and equipment	<u>698,072</u>	<u>692,337</u>
	2,570,232	2,553,870
Less accumulated depreciation	<u>677,523</u>	<u>540,195</u>
Property and equipment, net	1,892,709	2,013,675
Grants Receivable	<u>161,483</u>	<u>164,084</u>
Total assets	<u>\$ 2,664,193</u>	<u>\$ 2,748,102</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 21,886	\$ 34,778
Accrued expenses	<u>36,737</u>	<u>26,204</u>
Total current liabilities	<u>58,623</u>	<u>60,982</u>
Net Assets:		
Unrestricted net assets	2,397,045	2,418,141
Temporarily restricted net assets	<u>208,525</u>	<u>268,979</u>
Total net assets	<u>2,605,570</u>	<u>2,687,120</u>
Total liabilities and net assets	<u>\$ 2,664,193</u>	<u>\$ 2,748,102</u>

See Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Changes in Unrestricted Net Assets:		
Public support and revenues:		
Individual contributions	\$ 252,377	\$ 632,740
Corporate and government contributions and grants	699,315	482,508
In-kind contributions	69,729	43,588
Total public support and revenues	<u>1,021,421</u>	<u>1,158,836</u>
Program Revenue:		
Rescued food	2,600,762	2,514,216
Special events, net of \$102,897 and \$41,043 of expenses, respectively	89,675	139,196
Fee income	296,758	285,487
Total program revenues	<u>2,987,195</u>	<u>2,938,899</u>
Other Revenues:		
Investment income	6,744	898
Net assets released from restrictions	78,971	249,086
Total other revenue	<u>85,715</u>	<u>249,984</u>
Total unrestricted support and revenues	<u>4,094,331</u>	<u>4,347,719</u>
Expenses:		
Program services:		
Food Rescue	282,064	155,442
Hunger Relief	2,794,344	2,695,557
Job Training	289,685	302,418
Serv-Safe	10,412	18,765
Just 'Cause Catering	309,649	281,121
Supporting services:		
Management and general	211,464	201,632
Fundraising	217,809	307,256
Total operating expenses	<u>4,115,427</u>	<u>3,962,191</u>
Increase (decrease) in unrestricted net assets	<u>(21,096)</u>	<u>385,528</u>
Changes in Temporarily Restricted Net Assets:		
Corporate and government grants	18,517	207,839
Net assets released from restrictions	(78,971)	(249,086)
Decrease in temporarily restricted net assets	<u>(60,454)</u>	<u>(41,247)</u>
Total change in net assets	(81,550)	344,281
Net Assets, Beginning of Year	<u>2,687,120</u>	<u>2,342,839</u>
Net Assets, End of Year	<u>\$ 2,605,570</u>	<u>\$ 2,687,120</u>

See Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)

	Program Services					Management and General	Fundraising	2008 Total	2007 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe	Just 'Cause Catering				
Labor and Benefits:									
Salaries	\$ 107,645	\$ 168,196	\$ 87,462	\$ -0-	\$ 121,101	\$ 127,829	\$ 60,550	\$ 672,783	\$ 562,838
Employee benefits	20,827	25,855	1,436	-0-	10,055	5,745	7,900	71,818	58,181
Payroll taxes and expense	<u>7,749</u>	<u>12,109</u>	<u>6,296</u>	<u>-0-</u>	<u>8,718</u>	<u>9,202</u>	<u>4,359</u>	<u>48,433</u>	<u>42,506</u>
Total labor and benefits	136,221	206,160	95,194	-0-	139,874	142,776	72,809	793,034	663,525
Other Expenses:									
Depreciation	16,479	52,184	20,599	-0-	16,479	28,839	2,747	137,327	138,217
Food donations to agencies	-0-	2,390,836	-0-	-0-	-0-	-0-	-0-	2,390,836	2,246,022
Food spoilage	63,798	63,799	63,798	-0-	-0-	-0-	-0-	191,395	260,062
Kitchen and general supplies	1,321	18,495	23,780	9,248	73,982	1,321	3,963	132,110	179,722
Insurance	5,499	7,440	9,705	-0-	4,529	3,235	1,941	32,349	28,940
Equipment and facility rent	74	74	74	-0-	2,213	-0-	4,941	7,376	5,712
Vehicle expenses	24,779	13,671	854	-0-	3,418	-0-	-0-	42,722	38,467
Postage	255	255	255	127	255	255	4,962	6,364	11,077
Printing	301	904	603	-0-	2,109	301	25,908	30,126	42,438
Public relations	214	214	214	-0-	1,711	214	18,819	21,386	36,665
Awards and recognition	365	365	10,096	-0-	-0-	365	973	12,164	12,286
Utilities	13,533	15,467	20,622	-0-	8,378	3,222	3,222	64,444	58,660
Repair and maintenance	12,939	18,113	17,467	-0-	8,410	3,882	3,882	64,693	58,972
Travel and entertainment	53	107	160	-0-	856	2,835	1,337	5,348	3,506
Seminars	423	1,058	550	-0-	212	423	1,566	4,232	2,398
Office supplies	1,152	1,152	1,152	-0-	1,152	1,152	1,918	7,678	5,889
Dues and subscriptions	408	875	641	-0-	1,108	2,215	583	5,830	7,482
Bank and finance charges	1,100	1,100	1,100	-0-	1,100	1,100	1,100	6,600	6,207
Professional fees	3,112	2,075	22,821	1,037	3,112	15,560	56,016	103,733	144,184
Miscellaneous	38	-0-	-0-	-0-	-0-	3,769	-0-	3,807	1,223
Special events - JCC	-0-	-0-	-0-	-0-	40,350	-0-	-0-	40,350	-0-
Interest expenses	-0-	-0-	-0-	-0-	401	-0-	-0-	401	10,537
Loss on uncollectible pledges	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>11,122</u>	<u>11,122</u>	<u>-0-</u>
Total Expenses	<u>\$ 282,064</u>	<u>\$ 2,794,344</u>	<u>\$ 289,685</u>	<u>\$ 10,412</u>	<u>\$ 309,649</u>	<u>\$ 211,464</u>	<u>\$ 217,809</u>	<u>\$ 4,115,427</u>	<u>\$ 3,962,191</u>

See Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2007

	Program Services					Management and General	Fundraising	2007 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe	Just 'Cause Catering			
Labor and Benefits:								
Salaries	\$ 76,641	\$ 127,898	\$ 59,649	\$ -0-	\$ 100,903	\$ 114,967	\$ 82,780	\$ 562,838
Employee benefits	14,447	18,511	981	-0-	10,188	5,787	8,267	58,181
Payroll taxes and expense	6,238	9,988	4,131	-0-	7,553	8,260	6,336	42,506
Total labor and benefits	97,326	156,397	64,761	-0-	118,644	\$ 129,014	97,383	663,525
Other Expenses:								
Depreciation	11,535	39,612	32,146	-0-	19,055	31,179	4,690	138,217
Food donations to agencies	-0-	2,246,022	-0-	-0-	-0-	-0-	-0-	2,246,022
Food spoilage	-0-	173,375	86,687	-0-	-0-	-0-	-0-	260,062
Kitchen and general supplies	3,584	17,909	25,952	15,525	102,870	960	12,922	179,722
Insurance	2,734	6,367	9,550	-0-	4,790	2,894	2,605	28,940
Equipment and facility rent	373	123	123	-0-	747	68	4,278	5,712
Vehicle expenses	16,673	17,235	2,273	-0-	2,166	64	56	38,467
Postage	638	638	638	24	561	636	7,942	11,077
Printing	1,187	1,187	1,751	-0-	2,958	1,271	34,084	42,438
Public relations	148	108	128	-0-	2,014	1,511	32,756	36,665
Awards and recognition	139	139	11,489	-0-	-0-	228	291	12,286
Utilities	6,642	12,282	18,893	-0-	9,829	5,861	5,153	58,660
Repair and maintenance	7,417	15,708	16,531	-0-	9,076	5,380	4,860	58,972
Travel and entertainment	12	71	285	-0-	357	1,327	1,454	3,506
Seminars	27	62	27	-0-	-0-	966	1,316	2,398
Office supplies	999	922	1,051	71	943	950	953	5,889
Dues and subscriptions	920	920	920	-0-	1,444	1,322	1,956	7,482
Bank and finance charges	999	1,051	1,095	-0-	1,031	1,030	1,001	6,207
Professional fees	3,019	2,979	24,504	3,145	2,715	15,818	92,004	144,184
Miscellaneous	118	124	124	-0-	124	133	600	1,223
Interest expenses	952	2,326	3,490	-0-	1,797	1,020	952	10,537
Total Expenses	<u>\$ 155,442</u>	<u>\$ 2,695,557</u>	<u>\$ 302,418</u>	<u>\$ 18,765</u>	<u>\$ 281,121</u>	<u>\$ 201,632</u>	<u>\$ 307,256</u>	<u>\$ 3,962,191</u>

See Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (81,550)	\$ 344,281
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	137,331	138,217
Loss on disposal of assets	-0-	4,439
Donated investments	(20,040)	(50,608)
Loss (gain) on sale of investments	(94)	1,058
Changes in operating assets and liabilities:		
Accounts receivable	11,952	(13,095)
Contributions receivable	37,266	(42,210)
Grants receivable	(86,378)	36,153
Inventories	(18,531)	(8,132)
Prepaid expenses and other assets	(3,488)	(1,861)
Accounts payable and accrued expenses	<u>(2,359)</u>	<u>289</u>
Net cash provided by (used in) operating activities	<u>(25,891)</u>	<u>408,531</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(16,365)	(28,978)
Proceeds received from sale of investments	<u>32,514</u>	<u>37,170</u>
Net cash provided by investing activities	<u>16,149</u>	<u>8,192</u>
Cash Flows from Financing Activities:		
Principal payments on long-term debt	<u>-0-</u>	<u>(217,800)</u>
Net cash used in financing activities	<u>-0-</u>	<u>(217,800)</u>
Net increase (decrease) in cash and cash equivalents	(9,742)	198,923
Cash and Short-Term Investments, Beginning of Year	<u>350,879</u>	<u>151,956</u>
Cash and Short-Term Investments, End of Year	<u>\$ 341,137</u>	<u>\$ 350,879</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest	<u>\$ 401</u>	<u>\$ 11,958</u>

See Notes to Financial Statements.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

1. SIGNIFICANT ACCOUNTING POLICIES

SECOND HELPINGS, INC. (the "Organization") is a not-for-profit organization committed to rescuing and distributing prepared and perishable food to those in need through established hunger relief programs, and in the process, educates and trains adults for positions in the culinary field. The Organization's program services began in April 1998.

In July 2005, the Organization began operations of Just 'Cause Catering ("JCC"). JCC supports the mission of the Organization in three ways: supporting the work of the Organization with its profits, allowing the graduates of the Organization's Culinary Arts program to become employees of JCC, and any surplus or over-prepared food is donated to the Organization's hunger relief program.

The significant accounting policies followed by the Organization in the preparation of its financial statements are summarized below:

Basis of Presentation

Net assets, support, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted assets are net assets not subject to donor-imposed restrictions and are, therefore, available to support the general operations of the Organization. Temporarily restricted net assets are net assets subject to donor-imposed restrictions related to specific projects or the passage of time.

Revenue Recognition and Accounts Receivable, Contributions and Grants Receivable

Support and program revenues are reported as increases in unrestricted or temporarily restricted net assets based upon donor-imposed restrictions, if any. The Organization records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support and program revenue. Contributions and grants are recognized when the donor makes an unconditional promise to give to the Organization either in writing or verbally.

Accounts receivable are reported at the amount invoiced, net of an allowance for doubtful accounts. The Organization, on a periodic basis, evaluates its accounts receivable and establishes an allowance for doubtful accounts based on past write-offs, collections, and current credit conditions. The Organization expects all accounts to be fully collectable, thus no allowance for doubtful accounts has been established.

Functional Expenses

Expenses are functionally classified as Program Services, Management and General, and Fundraising. Classifications are based on actual direct expenditures and cost allocations determined by estimates of time spent by Organization personnel.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Estimates

The preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and noted to the financial statements. Actual results could differ from those estimates. Significant estimates made in preparation of the Organization's financial statements including collectibility of grants receivable, depreciation methods, useful lives of property and equipment, and the allocation of functional expenses.

Cash and Short-Term Investments

Cash and short-term investments represent cash invested in checking and savings accounts, money market accounts, and other short-term investments.

Investments

The Organization values its investments at fair market value for financial reporting purposes. Unrealized holding gains and losses are reflected as a separate component reported in the statements of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted.

Inventories

Inventories include purchased and donated food and supply items. Donated food and supply items are recorded at fair market value at the date of donation and food and supplies that are purchased are recorded at cost. Inventory on hand is carried at the lower of cost or market with cost being determined using the specific identification method.

Property, Equipment and Depreciation

Purchased property and equipment are recorded at cost. Items donated are recorded at fair market value on the date of donation. Costs of improvements are capitalized and costs of repairs and maintenance are expensed as incurred. Depreciation is recorded over the estimated useful lives of the assets utilizing the straight-line method. The ranges of useful lives used by the Organization are as follows:

<u>Description</u>	<u>Ranges of Useful Lives</u>
Building and Improvements	5-40 years
Furniture and equipment	3-15 years

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

In-Kind Contributions

The Organization receives in-kind donations and contributions from unrelated parties including various services provided free of charge or at a significant discount. Other services, including food preparation and fundraising, were performed by volunteers and are not included in the in-kind contributions.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Reclassifications

Certain amounts from 2007 have been reclassified herein to conform to the 2008 presentation.

2. CONTRIBUTIONS RECEIVABLE

The Organization has recognized, as contributions revenue, all material unconditional promises to give. Unconditional promises to give that are expected to be collected in future years are recorded at their net present value. All contributions receivable at June 30, 2008 and 2007 are expected to be collected in one year.

	<u>2008</u>	<u>2007</u>
Less than one year	\$ <u>10,000</u>	\$ <u>47,266</u>

3. GRANTS AND GRANTS RECEIVABLE

The Organization has recognized all material unconditional promises to give as grant revenue. Unconditional promises to give that are expected to be collected in future years are recorded at their net present value.

During 2008, the Organization received grants in the amount of \$496,114. The Organization considers all grants receivable to be collectible and therefore, no allowance for uncollectible grants receivable is recorded at June 30, 2008 and 2007.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Less than one year	\$ 151,018	\$ 62,039
One to five years	<u>161,483</u>	<u>164,084</u>
	<u>\$ 312,501</u>	<u>\$ 226,123</u>

4. INVESTMENTS

A summary of the investments as of June 30, 2008 and 2007, are as follows:

	2008		2007	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity Investments	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12,965</u>	<u>\$ 12,380</u>

Investment income in the statement of activities comprises the following:

	<u>2008</u>	<u>2007</u>
Dividends and interest on cash accounts	\$ 6,650	\$ 1,956
Net gain (loss) on investments	<u>94</u>	<u>(1,058)</u>
Investment income	<u>\$ 6,744</u>	<u>\$ 898</u>

5. LINE OF CREDIT

The Organization has \$300,000 of available borrowings under a line of credit with a bank until May 2009, at which time it is subject to renewal. Borrowings under this facility bear interest at the bank's prime lending rate less .25%. The line of credit is secured by substantially all assets of the Organization. There were no borrowings on the line of credit for the years ended June 30, 2008 and 2007, respectively.

6. RETIREMENT PLANS

The Organization maintains a tax-deferred annuity plan qualified under section 403(b) of the Internal Revenue Code. The plan covers all employees of the Organization who meet the age and hour requirements. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. There are no provisions for any matching or discretionary contributions by the Organization at this time.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

7. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$78,971 and \$249,086 for the years ended June 30, 2008, and 2007, respectively. The assets were used for various programs and events.

8. CONCENTRATION OF CREDIT RISK

Cash and Short-Term Investments

The Organization maintains its cash and short-term investments in bank deposit accounts which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

9. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2008, the Organization began recording donor-restricted contributions whose restrictions are met in the same reporting period as the contribution or grants as unrestricted support and program revenue. The effect of this change in accounting principle was to increase unrestricted support and program revenue and to decrease temporarily restricted revenues by \$270,930 for the year ended June 30, 2008. The change in treatment of grant and contribution revenues is permitted by Statement of Financial Accounting Standards (“SFAS”) No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations*.