



FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008



# SECOND HELPINGS, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Second Helpings, Inc.  
Indianapolis, Indiana

We have audited the accompanying statements of financial position of Second Helpings, Inc. as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second Helpings, Inc. as of June 30, 2009 and 2008, and the changes in net assets, cash flows and functional expenses for the years then ended, in conformity with U.S. Generally Accepted Accounting Principles.

  
September 15, 2009

## SECOND HELPINGS, INC.

### STATEMENTS OF FINANCIAL POSITION JUNE 30, 2009 AND 2008

	<u>ASSETS</u>	
	<u>2009</u>	<u>2008</u>
<b>Current Assets:</b>		
Cash and short-term investments	\$ 390,084	\$ 341,137
Accounts receivable, less allowance for doubtful accounts of \$4,500 in 2008	-0-	16,029
Contributions receivable	-0-	10,000
Grants receivable, current	175,597	151,018
Inventories	87,414	81,282
Prepaid expenses and other assets	<u>8,208</u>	<u>10,535</u>
Total current assets	<u>661,303</u>	<u>610,001</u>
<b>Property and Equipment:</b>		
Land	49,700	49,700
Building and improvements	1,822,462	1,822,460
Furniture and equipment	<u>716,699</u>	<u>698,072</u>
	2,588,861	2,570,232
Less accumulated depreciation	<u>774,356</u>	<u>677,523</u>
Property and equipment , net	1,814,505	1,892,709
<b>Grants Receivable</b>	<u>42,163</u>	<u>161,483</u>
Total assets	<u>\$ 2,517,971</u>	<u>\$ 2,664,193</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b> 		
<b>Liabilities:</b>		
Accounts payable	\$ 27,882	\$ 21,886
Accrued expenses	<u>31,673</u>	<u>36,737</u>
Total liabilities	<u>59,555</u>	<u>58,623</u>
<b>Net Assets:</b>		
Unrestricted net assets	2,330,656	2,397,045
Temporarily restricted net assets	<u>127,760</u>	<u>208,525</u>
Total net assets	<u>2,458,416</u>	<u>2,605,570</u>
Total liabilities and net assets	<u>\$ 2,517,971</u>	<u>\$ 2,664,193</u>

See accompanying Notes to Financial Statements.

## SECOND HELPINGS, INC.

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Changes in Unrestricted Net Assets:</b>		
Public support and revenues:		
Individual contributions	\$ 287,418	\$ 252,377
Corporate and government contributions and grants	615,529	699,315
In-kind contributions	<u>42,518</u>	<u>69,729</u>
Total public support and revenues	<u>945,465</u>	<u>1,021,421</u>
<b>Program Revenue:</b>		
Rescued food	2,523,984	2,600,762
Special events, net of \$128,193 and \$102,897 of expenses	96,475	89,675
Fee income	<u>179,724</u>	<u>296,758</u>
Total program revenues	<u>2,800,183</u>	<u>2,987,195</u>
<b>Other Revenues:</b>		
Investment income	5,157	6,744
Other income	8,080	-0-
Net assets released from restrictions	<u>133,265</u>	<u>78,971</u>
Total other revenue	<u>146,502</u>	<u>85,715</u>
Total unrestricted support and revenues	<u>3,892,150</u>	<u>4,094,331</u>
<b>Expenses:</b>		
Program services:		
Food Rescue	285,222	282,064
Hunger Relief	2,729,998	2,794,344
Job Training	303,693	289,685
Serv-Safe	17,466	10,412
Just 'Cause Catering	225,775	309,649
Supporting services:		
Management and general	204,701	211,464
Fundraising	<u>191,684</u>	<u>217,809</u>
Total operating expenses	<u>3,958,539</u>	<u>4,115,427</u>
Decrease in unrestricted net assets	<u>(66,389)</u>	<u>(21,096)</u>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Corporate and government grants	52,500	18,517
Net assets released from restrictions	<u>(133,265)</u>	<u>(78,971)</u>
Decrease in temporarily restricted net assets	<u>(80,765)</u>	<u>(60,454)</u>
Total decrease in net assets	<u>(147,154)</u>	<u>(81,550)</u>
<b>Net Assets, Beginning of Year</b>	<u>2,605,570</u>	<u>2,687,120</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,458,416</u>	<u>\$ 2,605,570</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	Program Services						Management and General	Fundraising	2009 Total	2008 Total
	Food Rescue	Hunger Relief	Job Training	Serv.-Safe	Just 'Cause Catering					
<b>Labor and Benefits:</b>										
Salaries	\$ 94,056	\$ 167,957	\$ 87,337	\$ -0-	\$ 114,210	\$ 134,365	\$ 73,901	\$ 671,826	\$ 672,783	
Employee benefits	19,999	21,290	6,451	-0-	8,387	6,451	1,935	64,513	71,818	
Payroll taxes and expense	6,601	11,786	6,130	-0-	8,016	9,430	5,187	47,150	48,433	
Total labor and benefits	120,656	201,033	99,918	-0-	130,613	150,246	81,023	783,489	793,034	
<b>Other Expenses:</b>										
Depreciation	19,397	49,137	23,276	-0-	7,759	27,155	2,586	129,310	137,327	
Food donations to agencies	-0-	2,317,469	-0-	-0-	-0-	-0-	-0-	2,317,469	2,390,836	
Food spoilage	66,794	66,794	66,795	-0-	-0-	-0-	-0-	200,383	191,395	
Kitchen and general supplies	3,235	17,254	22,645	15,097	46,369	-0-	3,235	107,835	132,110	
Insurance	8,458	8,458	10,149	-0-	2,368	2,706	1,692	33,831	32,349	
Equipment and facility rent	52	39	52	-0-	206	65	876	1,290	7,376	
Vehicle expenses	25,372	17,359	-0-	-0-	1,780	-0-	-0-	44,511	42,722	
Postage	712	712	712	-0-	203	712	7,122	10,173	6,364	
Printing	343	1,371	686	-0-	1,029	343	30,513	34,285	30,126	
Public relations	-0-	-0-	-0-	-0-	4,415	-0-	20,113	24,528	21,386	
Awards and recognition	477	477	9,311	-0-	-0-	1,074	597	11,936	12,164	
Utilities	17,200	17,200	19,846	-0-	3,969	3,969	3,969	66,153	64,444	
Repair and maintenance	14,720	23,553	19,873	-0-	5,152	5,152	5,152	73,602	64,693	
Travel and entertainment	221	700	405	-0-	737	810	810	3,683	5,348	
Seminars	397	992	516	-0-	198	397	1,469	3,969	4,232	
Office supplies	1,196	1,196	1,196	-0-	399	1,196	1,464	6,647	7,678	
Dues and subscriptions	241	481	481	-0-	289	1,782	1,540	4,814	5,830	
Bank and finance charges	877	877	877	-0-	439	927	877	4,874	6,600	
Professional fees	4,739	4,739	26,854	2,369	3,949	7,898	28,433	78,981	103,733	
Miscellaneous	135	157	101	-0-	247	269	213	1,122	3,807	
Special events - JCC	-0-	-0-	-0-	-0-	15,654	-0-	-0-	15,654	40,350	
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	401	
Loss on uncollectible pledges	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Total Expenses	\$ 285,222	\$ 2,729,998	\$ 303,693	\$ 17,466	\$ 225,775	\$ 204,701	\$ 191,684	\$ 3,958,539	\$ 4,115,427	

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2008

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

See accompanying Notes to Financial Statements.

## SECOND HELPINGS, INC.

### STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Cash Flows from Operating Activities:</b>		
Decrease in net assets	\$ (147,154)	\$ (81,550)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	129,310	137,331
Gain on sale of assets	(8,080)	-0-
Donated investments	(16,670)	(20,040)
Loss (gain) on sale of investments	32	(94)
Changes in operating assets and liabilities:		
Accounts receivable	16,029	11,952
Contributions receivable	10,000	37,266
Grants receivable	94,741	(86,378)
Inventories	(6,132)	(18,531)
Prepaid expenses and other assets	2,327	(3,488)
Accounts payable and accrued expenses	932	(2,359)
Net cash provided by (used in) operating activities	<u>75,335</u>	<u>(25,891)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(58,938)	(16,365)
Proceeds received from sale of investments	16,638	32,514
Proceeds on sale of assets	15,912	-0-
Net cash provided by (used in) investing activities	<u>(26,388)</u>	<u>16,149</u>
Net increase (decrease) in cash and cash equivalents	48,947	(9,742)
<b>Cash and Short-Term Investments, Beginning of Year</b>	<u>341,137</u>	<u>350,879</u>
<b>Cash and Short-Term Investments, End of Year</b>	<u>\$ 390,084</u>	<u>\$ 341,137</u>
 <b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash payments for interest	<u>\$ -0-</u>	<u>\$ 401</u>

See accompanying Notes to Financial Statements.



# SECOND HELPINGS, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

### 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 Organization ceased operation of JCC in December 2008.

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.

#### 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, 2009 AND 2008

### 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. Investments consist of donated stock which is temporarily held and sold. Realized holding gains and losses on such sales are reflected as a separate component in the statements of activities as increases or decreases in unrestricted net assets along with any dividend or interest income on cash accounts, unless their use is temporarily or permanently restricted. There were no held investments as of June 30, 2009 and 2008.

### 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, 2009 AND 2008

#### 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.

#### Subsequent Events

Subsequent events have been evaluated through September 15, 2009, which is the date the financial statements were available to be issued.

## 2. CONTRIBUTIONS RECEIVABLE

The Organization has recognized, as contributions revenue, 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. There were no contributions receivable as of June 30, 2009. The Organization had a contribution receivable in the amount of \$10,000 at June 30, 2008. The contribution receivable was paid during the year ended June 30, 2009.

## 3. GRANTS AND GRANTS RECEIVABLE

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

During 2009 and 2008, the Organization received grants in the amount of \$408,151 and \$496,114, respectively. The Organization considers all grants receivable to be collectible and therefore, no allowance for uncollectible grants receivable is recorded at June 30, 2009 and 2008.

	<u>2008</u>	<u>2007</u>
Less than one year	\$ 175,597	\$ 151,018
One to five years	42,163	161,483
	<u>\$ 217,760</u>	<u>\$ 312,501</u>

## SECOND HELPINGS, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

#### 4. LINE OF CREDIT

The Organization has \$300,000 of available borrowings under a line of credit with a bank until May 2010, at which time it is subject to renewal. Borrowings under this facility bear interest at the bank's prime lending rate plus 1.0%. 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, 2009 and 2008, respectively.

#### 5. 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.

#### 6. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$133,265 and \$78,971 for the years ended June 30, 2009 and 2008, respectively. The assets were used for various programs and events.

#### 7. 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.