



FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

SECOND HELPINGS, INC.

TABLE OF CONTENTS

JUNE 30, 2010 AND 2009

	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	7-10

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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, 2010 and 2009, 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, 2010 and 2009, 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.

Alerding & Co.

September 16, 2010

SECOND HELPINGS, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets:		
Cash and short-term investments	\$ 692,142	\$ 390,084
Accounts receivable	4,745	-0-
Grants receivable, current	162,010	175,597
Inventories	53,021	87,414
Prepaid expenses and other assets	-0-	8,208
Total current assets	<u>911,918</u>	<u>661,303</u>
Property and Equipment:		
Land	49,700	49,700
Building and improvements	1,831,312	1,822,462
Furniture and equipment	686,684	716,699
	<u>2,567,696</u>	<u>2,588,861</u>
Less accumulated depreciation	857,673	774,356
Property and equipment, net	1,710,023	1,814,505
Grants Receivable	<u>75,000</u>	<u>42,163</u>
Total assets	<u>\$ 2,696,941</u>	<u>\$ 2,517,971</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 12,565	\$ 27,882
Accrued expenses	8,273	31,673
Total liabilities	<u>20,838</u>	<u>59,555</u>
Net Assets:		
Unrestricted net assets	2,454,093	2,330,656
Temporarily restricted net assets	222,010	127,760
Total net assets	<u>2,676,103</u>	<u>2,458,416</u>
Total liabilities and net assets	<u>\$ 2,696,941</u>	<u>\$ 2,517,971</u>

See Accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Changes in Unrestricted Net Assets:		
Public support and revenues:		
Individual contributions	\$ 406,322	\$ 287,418
Corporate and government contributions and grants	677,789	615,529
In-kind contributions	<u>33,497</u>	<u>42,518</u>
Total public support and revenues	<u>1,117,608</u>	<u>945,465</u>
Program Revenue:		
Rescued food	2,453,077	2,523,984
Special events, net of \$98,094 and \$128,193 of expenses	113,224	96,475
Fee income	<u>35,431</u>	<u>179,724</u>
Total program revenues	<u>2,601,732</u>	<u>2,800,183</u>
Other Revenues:		
Investment income	8,454	5,157
Other income	4,757	8,080
Net assets released from restrictions	<u>171,616</u>	<u>133,265</u>
Total other revenue	<u>184,827</u>	<u>146,502</u>
Total unrestricted support and revenues	<u>3,904,167</u>	<u>3,892,150</u>
Expenses:		
Program services:		
Food Rescue	292,346	285,222
Hunger Relief	2,719,268	2,729,998
Job Training	333,740	303,693
Serv-Safe	23,579	17,466
Just 'Cause Catering	4,162	225,775
Supporting services:		
Management and general	228,240	204,701
Fundraising	<u>179,395</u>	<u>191,684</u>
Total operating expenses	<u>3,780,730</u>	<u>3,958,539</u>
Increase (decrease) in unrestricted net assets	<u>123,437</u>	<u>(66,389)</u>
Changes in Temporarily Restricted Net Assets:		
Corporate and government grants	265,866	52,500
Net assets released from restrictions	<u>(171,616)</u>	<u>(133,265)</u>
Increase (decrease) in temporarily restricted net assets	<u>94,250</u>	<u>(80,765)</u>
Total increase (decrease) in net assets	217,687	(147,154)
Net Assets, Beginning of Year	<u>2,458,416</u>	<u>2,605,570</u>
Net Assets, End of Year	<u>\$ 2,676,103</u>	<u>\$ 2,458,416</u>

See Accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)**

	Program Services						Management and General	Fundraising	2010 Total	2009 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe	Just Cause Catering					
Labor and Benefits:										
Salaries	\$ 97,189	\$ 193,634	\$ 94,709	\$ 2,293	\$ 2,789	\$ 147,952	\$ 81,260	\$ 619,826	\$ 671,826	
Employee benefits	16,935	15,836	11,788	480	1,170	10,962	7,676	64,847	64,513	
Payroll taxes and expense	7,084	14,113	6,903	167	203	10,784	5,923	45,177	47,150	
Total labor and benefits	121,208	223,583	113,400	2,940	4,162	169,698	94,859	729,850	783,489	
Other Expenses:										
Depreciation	20,295	37,772	21,987	-0-	-0-	29,316	3,382	112,752	129,310	
Food donations to agencies	-0-	2,274,729	-0-	-0-	-0-	-0-	-0-	2,274,729	2,317,469	
Food spoilage	70,914	70,914	70,914	-0-	-0-	-0-	-0-	212,742	200,383	
Kitchen and general supplies	1,905	24,391	27,658	17,482	-0-	-0-	378	71,814	107,835	
Insurance	9,751	9,751	11,524	-0-	-0-	3,304	2,304	36,634	33,831	
Equipment and facility rent	149	149	156	-0-	-0-	120	120	694	1,290	
Vehicle expenses	20,349	18,568	111	-0-	-0-	36	-0-	39,064	44,511	
Postage	632	392	525	36	-0-	597	4,436	6,618	10,173	
Printing	1,219	3,298	1,605	-0-	-0-	1,286	22,599	30,007	34,285	
Public relations	-0-	-0-	-0-	-0-	-0-	-0-	15,163	15,163	24,528	
Awards and recognition	471	502	9,940	-0-	-0-	1,017	2,781	14,711	11,936	
Utilities	19,674	17,931	21,456	-0-	-0-	3,988	4,815	67,864	66,153	
Repair and maintenance	18,871	28,122	21,032	88	-0-	9,378	9,438	86,929	73,602	
Travel and entertainment	620	745	869	-0-	-0-	1,093	1,371	4,698	3,683	
Seminars	927	1,286	1,065	-0-	-0-	1,605	2,423	7,306	3,969	
Office supplies	972	991	1,016	-0-	-0-	900	1,043	4,922	6,647	
Dues and subscriptions	439	607	2,901	93	-0-	711	3,211	7,962	4,814	
Bank and finance charges	1,015	986	978	-0-	-0-	884	1,857	5,720	4,874	
Professional fees	2,935	4,551	26,603	2,940	-0-	4,307	9,215	50,551	78,981	
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,122	
Special events - JCC	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,654	
Total Expenses	\$ 292,346	\$ 2,719,268	\$ 333,740	\$ 23,579	\$ 4,162	\$ 228,240	\$ 179,395	\$ 3,780,730	\$ 3,958,539	

See Accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2009

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

See Accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ 217,687	\$ (147,154)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	112,752	129,310
Gain on sale of assets	(1,933)	(8,080)
Donated investments	(26,488)	(16,670)
Loss on sale of investments	146	32
Changes in operating assets and liabilities:		
Accounts receivable	(4,745)	16,029
Contributions receivable	-0-	10,000
Grants receivable	(19,250)	94,741
Inventories	34,393	(6,132)
Prepaid expenses and other assets	8,208	2,327
Accounts payable and accrued expenses	(38,717)	932
Net cash provided by operating activities	<u>282,053</u>	<u>75,335</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(8,837)	(58,938)
Proceeds received from sale of investments	26,342	16,638
Proceeds on sale of assets	<u>2,500</u>	<u>15,912</u>
Net cash provided by (used in) investing activities	<u>20,005</u>	<u>(26,388)</u>
Net increase in cash and short-term investments	302,058	48,947
Cash and Short-Term Investments, Beginning of Year	<u>390,084</u>	<u>341,137</u>
Cash and Short-Term Investments, End of Year	<u>\$ 692,142</u>	<u>\$ 390,084</u>

See Accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

I. 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.

The total pounds of food rescued by the Organization was 1,648,995 and 1,682,656 for the years ended June 30, 2010 and 2009, respectively. The Organization distributed 656,491 and 572,207 meals for the years ended June 30, 2010, and 2009, respectively.

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 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, 2010 AND 2009

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 notes 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.

The Organization values its short-term investments at fair market value for financial reporting purposes. Short-term 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. The Organization had a short-term investment in the amount of \$5,025 at June 30, 2010. There were no short-term investments held as of June 30, 2009.

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, 2010 AND 2009

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 16, 2010, which is the date the financial statements were available for issuance.

2. 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 2010 and 2009, the Organization received grants in the amount of \$746,219 and \$408,151, respectively. The Organization considers all grants receivable to be collectible and therefore, no allowance for uncollectible grants receivable is recorded at June 30, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Less than one year	\$ 162,010	\$ 175,597
One to five years	<u>75,000</u>	<u>42,163</u>
	<u>\$ 237,010</u>	<u>\$ 217,760</u>

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

3. LINE OF CREDIT

The Organization has \$300,000 of available borrowings under a line of credit with a bank until May 2011, at which time it is subject to renewal. Borrowings under this facility bear interest at the daily LIBOR rate plus 4.0%, subject to a floor rate of 4.0%. 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, 2010 and 2009, respectively.

4. 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.

5. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$171,616 and \$133,265 for the years ended June 30, 2010 and 2009, respectively. The assets were used for various programs and events.

6. 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 and believes it is not exposed to any significant credit risk on cash and short-term investments.