



FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012



SECOND HELPINGS, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SECOND HELPINGS, INC.
Indianapolis, Indiana

We have audited the accompanying financial statements of SECOND HELPINGS, INC., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in net assets, functional expenses, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A leading CPA Group

August 29, 2013

SECOND HELPINGS, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2013 AND 2012

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash and short-term investments	\$ 579,873	\$ 778,057
Cash - Board Designated Legacy Fund	200,058	-0-
Accounts receivable	22,005	2,145
Grants receivable, current	143,700	70,500
Inventories	79,356	64,979
Prepaid expenses and other assets	8,332	12,631
Total current assets	1,033,324	928,312
Property and Equipment:		
Land	49,700	49,700
Building and improvements	2,327,936	2,299,185
Furniture and equipment	1,190,009	1,070,439
	3,567,645	3,419,324
Less accumulated depreciation	1,067,272	920,171
Property and equipment, net	2,500,373	2,499,153
Long-Term Grants Receivable	100,000	10,000
Total assets	\$ 3,633,697	\$ 3,437,465
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accounts payable	\$ 35,481	\$ 31,020
Accrued expenses and other liabilities	55,482	29,882
Total liabilities	90,963	60,902
Net Assets:		
Unrestricted net assets:		
Unrestricted	3,006,726	3,225,429
Unrestricted - Board Designated Legacy Fund	200,058	-0-
	3,206,784	3,225,429
Temporarily restricted net assets	335,950	151,134
Total net assets	3,542,734	3,376,563
Total liabilities and net assets	\$ 3,633,697	\$ 3,437,465

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Changes in Unrestricted Net Assets:		
Public support and revenues:		
Individual contributions	\$ 473,962	\$ 340,978
Corporate and government contributions and grants	578,223	849,887
Hunger Relief Expansion	-0-	895,464
In-kind contributions	<u>62,407</u>	<u>43,980</u>
Total public support and revenues	<u>1,114,592</u>	<u>2,130,309</u>
Program Revenue:		
Rescued food	3,133,555	2,921,794
Special events, net of \$323,742 and \$113,277 of expenses	293,253	125,720
Fee income	<u>21,998</u>	<u>18,964</u>
Total program revenues	<u>3,448,806</u>	<u>3,066,478</u>
Other Revenues:		
Investment income	663	1,237
Other income (expense), net	2,173	(39,468)
Net assets released from restrictions	<u>295,484</u>	<u>211,222</u>
Total other revenue	<u>298,320</u>	<u>172,991</u>
Total unrestricted support and revenues	<u>4,861,718</u>	<u>5,369,778</u>
Expenses:		
Program services:		
Food Rescue	319,277	379,499
Hunger Relief	3,664,342	3,201,623
Job Training	429,567	394,203
Serv-Safe	7,382	12,684
Supporting services:		
Management and general	193,350	290,024
Fundraising	<u>266,445</u>	<u>201,688</u>
Total operating expenses	<u>4,880,363</u>	<u>4,479,721</u>
Increase (decrease) in unrestricted net assets	<u>(18,645)</u>	<u>890,057</u>
Changes in Temporarily Restricted Net Assets:		
Public support and revenues	480,300	146,695
Net assets released from restrictions	<u>(295,484)</u>	<u>(211,222)</u>
Increase (decrease) in temporarily restricted net assets	<u>184,816</u>	<u>(64,527)</u>
Total increase in net assets	166,171	825,530
Net Assets, Beginning of Year	<u>3,376,563</u>	<u>2,551,033</u>
Net Assets, End of Year	<u>\$ 3,542,734</u>	<u>\$ 3,376,563</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Program Services				Management and General	Fundraising	2013 Total	2012 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe				
Labor and Benefits:								
Salaries	\$ 143,249	\$ 253,021	\$ 121,450	\$ -0-	\$ 106,851	\$ 151,814	\$ 776,385	\$ 689,665
Employee benefits	37,948	60,372	23,890	-0-	23,445	34,104	179,759	168,365
Payroll taxes and expense	11,198	19,779	9,493	-0-	8,357	11,868	60,695	53,368
Total labor and benefits	192,395	333,172	154,833	-0-	138,653	197,786	1,016,839	911,398
Other Expenses:								
Depreciation	27,169	91,532	28,122	-0-	4,423	4,640	155,886	118,825
Food donations to agencies	-0-	2,714,979	53,322	-0-	-0-	-0-	2,768,301	2,624,622
Food spoilage	-0-	339,228	11,649	-0-	-0-	-0-	350,877	294,481
Kitchen and general supplies	10,237	31,638	45,596	7,220	491	954	96,136	81,927
Insurance	13,461	22,889	6,661	-0-	6,918	4,227	54,156	45,503
Equipment and facility rent	170	295	134	-0-	100	146	845	17,822
Vehicle expenses	27,420	17,940	9	-0-	36	166	45,571	55,647
Postage	898	1,440	585	24	475	3,265	6,687	7,810
Printing	3,054	6,750	2,797	-0-	3,818	14,570	30,989	34,038
Public relations	1,584	1,501	1,501	-0-	1,501	3,437	9,524	21,275
Awards and recognition	5,625	9,372	16,120	-0-	3,831	2,208	37,156	24,562
Utilities	16,805	39,611	19,139	-0-	5,373	6,014	86,942	73,423
Repair and maintenance	16,372	45,686	25,209	-0-	6,294	7,791	101,352	90,342
Travel and entertainment	184	198	857	-0-	94	1,310	2,643	3,094
Seminars	98	690	16,763	-0-	1,257	3,965	22,773	8,639
Office supplies	671	1,548	733	13	799	958	4,722	6,915
Dues and subscriptions	2,707	4,663	2,853	-0-	1,715	4,751	16,689	15,865
Bank and finance charges	-0-	-0-	-0-	125	3,670	2,481	6,276	5,634
Professional fees	427	864	42,086	-0-	13,577	3,890	60,844	43,078
Miscellaneous	-0-	346	598	-0-	325	3,886	5,155	(5,179)
Total Expenses	\$ 319,277	\$ 3,664,342	\$ 429,567	\$ 7,382	\$ 193,350	\$ 266,445	\$ 4,880,363	\$ 4,479,721

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2012

	Program Services				Management and General	Fundraising	2012 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe			
Labor and Benefits:							
Salaries	\$ 124,140	\$ 206,900	\$ 110,346	\$ -0-	\$ 158,623	\$ 89,656	\$ 689,665
Employee benefits	31,989	48,826	13,469	-0-	53,877	20,204	168,365
Payroll taxes and expense	9,606	16,010	8,539	-0-	12,275	6,938	53,368
Total labor and benefits	165,735	271,736	132,354	-0-	224,775	116,798	911,398
Other Expenses:							
Depreciation	23,765	48,718	22,577	-0-	19,012	4,753	118,825
Food donations to agencies	-0-	2,624,622	-0-	-0-	-0-	-0-	2,624,622
Food spoilage	88,344	114,848	91,289	-0-	-0-	-0-	294,481
Kitchen and general supplies	5,735	25,397	38,506	12,289	-0-	-0-	81,927
Insurance	13,196	12,741	13,196	-0-	3,185	3,185	45,503
Equipment and facility rent	178	15,149	178	-0-	2,139	178	17,822
Vehicle expenses	31,719	23,372	-0-	-0-	556	-0-	55,647
Postage	937	937	937	78	1,094	3,827	7,810
Printing	2,723	3,063	3,063	-0-	2,724	22,465	34,038
Public relations	-0-	426	212	-0-	-0-	20,637	21,275
Awards and recognition	982	1,474	17,439	-0-	1,228	3,439	24,562
Utilities	19,824	21,293	23,495	-0-	4,406	4,405	73,423
Repair and maintenance	18,972	28,909	23,489	-0-	9,938	9,034	90,342
Travel and entertainment	31	278	1,114	-0-	1,207	464	3,094
Seminars	950	1,469	4,492	-0-	1,728	-0-	8,639
Office supplies	1,106	1,521	1,521	-0-	1,246	1,521	6,915
Dues and subscriptions	1,745	2,062	3,173	317	2,381	6,187	15,865
Bank and finance charges	732	732	732	-0-	846	2,592	5,634
Professional fees	3,446	3,446	18,093	-0-	14,647	3,446	43,078
Miscellaneous	(621)	(570)	(1,657)	-0-	(1,088)	(1,243)	(5,179)
Total Expenses	\$ 379,499	\$ 3,201,623	\$ 394,203	\$ 12,684	\$ 290,024	\$ 201,688	\$ 4,479,721

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 166,171	\$ 825,530
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	155,886	118,825
Loss on disposal of assets	-0-	42,207
Donated investments	(36,635)	(31,444)
Loss on sale of investments, net	571	31
Changes in operating assets and liabilities:		
Accounts receivable	(19,860)	22,875
Grants receivable	(163,200)	85,766
Inventories	(14,377)	(2,691)
Prepaid expenses and other assets	4,299	(9,976)
Accounts payable	4,461	6,936
Accrued expenses and other liabilities	25,600	12,235
Net cash provided by operating activities	<u>122,916</u>	<u>1,070,294</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(157,106)	(1,011,506)
Proceeds received from sale of investments	<u>36,064</u>	<u>31,413</u>
Net cash used in investing activities	<u>(121,042)</u>	<u>(980,093)</u>
Net increase in cash and short-term investments	1,874	90,201
Cash and Short-Term Investments, Beginning of Year	<u>778,057</u>	<u>687,856</u>
Cash and Short-Term Investments, End of Year	<u>\$ 779,931</u>	<u>\$ 778,057</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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.

The total pounds of food rescued by the Organization was 2,008,689 and 1,872,905 for the years ended June 30, 2013 and 2012, respectively. The Organization distributed 817,463 and 678,079 meals for the years ended June 30, 2013 and 2012, respectively.

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

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). U.S. GAAP requires that the financial statements report the change in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted or temporarily restricted as follows:

Unrestricted Net Assets:

Net assets not subject to donor-imposed stipulations and are, therefore, available to support the general operations of the Organization.

Unrestricted – Board Designated:

Net assets not subject to donor-imposed stipulations that have been designated by the Board. These designated funds protect the Organization's long-term viability due to volatility in funding resources.

Temporarily Restricted Net Assets:

Net assets that are subject to donor-imposed restrictions related to specific projects or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

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.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 short-term investment in the amount of \$-0- and \$4,890 at June 30, 2013 and 2012, respectively.

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.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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

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 exempt from Federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state law. Accordingly, no provision has been made for Federal or state income taxes.

Management of the Organization evaluates all significant tax positions to ensure compliance with exempt purpose of the Organization as required by U.S. GAAP, including consideration of any unrelated business income tax. As of June 30, 2013, Management does not believe the Organization has taken any tax positions that are not in compliance with the exempt purpose of the Organization. The Organization's Federal and state tax returns remain open and subject to examination beginning with the calendar tax year ended June 30, 2010.

Subsequent Events

Subsequent events have been evaluated through August 29, 2013, which is the date the financial statements were available for issuance.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

2. HUNGER RELIEF EXPANSION PROJECT

During 2012, the Organization raised \$895,464 for the Hunger Relief Expansion Project which included an expansion of the kitchen facilities and purchase of related equipment. The project was completed in January 2012. All funds raised designated for the Hunger Relief Expansion Project were expended during 2012.

For the year ended June 30, 2012, the Organization had received grants totaling \$708,136 (Note 3), individual and corporate contributions of \$87,047 and in-kind contributions totaling \$100,281 for the project.

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 2012, the Organization received grants in the amount of \$708,136 toward its Hunger Relief Expansion Project (Note 2). For the years ended June 30, 2013 and 2012, the Organization received grants totaling \$784,853 and \$609,123, respectively for all other programs.

The Organization considers all grants receivable to be collectible and therefore, no allowance for uncollectible grants receivable is recorded at June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 143,700	\$ 70,500
One to five years	<u>100,000</u>	<u>10,000</u>
	<u>\$ 243,700</u>	<u>\$ 80,500</u>

4. LINE OF CREDIT

The Organization has \$300,000 of available borrowings under a line of credit with a bank until May 2014, 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, 2013 and 2012, respectively.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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 with an elective matching or discretionary contribution by the Organization. An employee's contribution may not exceed the maximum amount allowed as determined by the Internal Revenue Code. The Organization's plan expense was \$5,494 and \$5,505 for the years ended June 30, 2013 and 2012, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Hunger Relief	\$ 26,500	\$ 115,195
Job Training	269,250	35,939
Food Rescue	<u>40,200</u>	<u>-0-</u>
	<u>\$ 335,950</u>	<u>\$ 151,134</u>

7. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$295,484 and \$211,222 for the years ended June 30, 2013 and 2012, 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 and believes it is not exposed to any significant credit risk on cash and short-term investments.

Grants Receivable and Revenue

At June 30, 2013 and for the year then ended, 82% of grants receivable were from one (1) grantor and 57% of grant revenues were from two (2) grantors.