



FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013



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, 2014 and 2013, 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, 2014 and 2013, 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.

Alending CPA Group

September 29, 2014

SECOND HELPINGS, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2014 AND 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and short-term investments	\$ 728,655	\$ 579,873
Cash - Legacy Fund	200,514	200,058
Accounts receivable	11,107	22,005
Grants receivable, current	131,550	143,700
Inventories	88,098	79,356
Prepaid expenses and other assets	20,046	8,332
Total current assets	<u>1,179,970</u>	<u>1,033,324</u>
Property and Equipment:		
Land	49,700	49,700
Building and improvements	2,334,354	2,327,936
Furniture and equipment	<u>1,239,040</u>	<u>1,190,009</u>
	3,623,094	3,567,645
Less accumulated depreciation	<u>1,222,154</u>	<u>1,067,272</u>
Property and equipment, net	2,400,940	2,500,373
Long-Term Grants Receivable	<u>30,000</u>	<u>100,000</u>
Total assets	<u>\$ 3,610,910</u>	<u>\$ 3,633,697</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:		
Accounts payable	\$ 52,242	\$ 35,481
Accrued expenses and other liabilities	<u>35,281</u>	<u>55,482</u>
Total liabilities	<u>87,523</u>	<u>90,963</u>
Net Assets:		
Unrestricted net assets:		
Unrestricted net assets	3,098,377	3,006,726
Unrestricted net assets - Legacy Fund	<u>200,514</u>	<u>200,058</u>
	3,298,891	3,206,784
Temporarily restricted net assets	<u>224,496</u>	<u>335,950</u>
Total net assets	<u>3,523,387</u>	<u>3,542,734</u>
Total liabilities and net assets	<u>\$ 3,610,910</u>	<u>\$ 3,633,697</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Changes in Unrestricted Net Assets:		
Public support and revenues:		
Individual contributions	\$ 589,363	\$ 473,962
Corporate and government contributions and grants	767,609	578,223
In-kind contributions	<u>66,226</u>	<u>62,407</u>
Total public support and revenues	<u>1,423,198</u>	<u>1,114,592</u>
Program Revenue:		
Rescued food	3,157,624	3,133,555
Special events, net of \$306,298 and \$323,742 of expenses	291,179	293,253
Fee income	<u>20,405</u>	<u>21,998</u>
Total program revenues	<u>3,469,208</u>	<u>3,448,806</u>
Other Revenues:		
Investment income	740	663
Other income (expense), net	(10,324)	2,173
Net assets released from restrictions	<u>189,354</u>	<u>295,484</u>
Total other revenue	<u>179,770</u>	<u>298,320</u>
Total unrestricted support and revenues	<u>5,072,176</u>	<u>4,861,718</u>
Expenses:		
Program services:		
Food Rescue	325,853	319,277
Hunger Relief	3,721,883	3,664,342
Job Training	458,105	429,567
Serv-Safe	5,333	7,382
Supporting services:		
Management and general	201,628	193,350
Fundraising	<u>267,267</u>	<u>266,445</u>
Total operating expenses	<u>4,980,069</u>	<u>4,880,363</u>
Increase (decrease) in unrestricted net assets	<u>92,107</u>	<u>(18,645)</u>
Changes in Temporarily Restricted Net Assets:		
Public support and revenues	77,900	480,300
Net assets released from restrictions	<u>(189,354)</u>	<u>(295,484)</u>
Increase (decrease) in temporarily restricted net assets	<u>(111,454)</u>	<u>184,816</u>
Total increase (decrease) in net assets	(19,347)	166,171
Net Assets, Beginning of Year	<u>3,542,734</u>	<u>3,376,563</u>
Net Assets, End of Year	<u>\$ 3,523,387</u>	<u>\$ 3,542,734</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	Program Services				Management and General	Fundraising	2014 Total	2013 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe				
Labor and Benefits:								
Salaries	\$ 146,269	\$ 258,465	\$ 124,201	\$ -0-	\$ 111,160	\$ 154,934	795,029	\$ 776,385
Employee benefits	39,808	63,600	25,579	-0-	28,358	39,625	196,970	179,759
Payroll taxes and expense	11,588	20,477	9,839	-0-	8,808	12,275	62,987	60,695
Total labor and benefits	197,665	342,542	159,619	-0-	148,326	206,834	1,054,986	1,016,839
Other Expenses:								
Depreciation	30,462	102,482	19,480	-0-	4,485	4,267	161,176	155,886
Food donations to agencies	-0-	2,779,543	63,198	-0-	-0-	-0-	2,842,741	2,768,301
Food spoilage	-0-	290,834	15,307	-0-	-0-	-0-	306,141	350,877
Kitchen and general supplies	6,640	43,639	51,778	5,296	479	292	108,124	96,136
Insurance	18,730	25,349	8,585	-0-	6,373	4,200	63,237	54,156
Equipment and facility rent	152	287	99	-0-	72	114	724	845
Vehicle expenses	21,870	22,473	2	-0-	53	538	44,936	45,571
Postage	557	849	452	34	542	4,398	6,832	6,687
Printing	3,772	7,485	3,646	-0-	5,889	10,523	31,315	30,989
Public relations	2,154	2,422	2,154	-0-	2,101	2,792	11,623	9,524
Awards and recognition	4,631	5,593	15,954	-0-	1,382	1,738	29,298	37,156
Utilities	18,522	37,461	22,422	-0-	5,401	5,155	88,961	86,942
Repair and maintenance	15,465	48,215	25,862	-0-	6,521	7,117	103,180	101,352
Travel and entertainment	7	1,048	749	-0-	853	56	2,713	2,643
Seminars	191	1,096	14,119	-0-	1,641	689	17,736	22,773
Office supplies	507	1,282	1,103	-0-	748	543	4,183	4,722
Dues and subscriptions	2,989	5,261	2,290	-0-	2,153	4,981	17,674	16,689
Bank and finance charges	771	771	771	3	771	3,857	6,944	6,276
Professional fees	746	2,588	50,192	-0-	13,726	4,520	71,772	60,844
Miscellaneous	22	663	323	-0-	112	4,653	5,773	5,155
Total Expenses	\$ 325,853	\$ 3,721,883	\$ 458,105	\$ 5,333	\$ 201,628	\$ 267,267	\$ 4,980,069	\$ 4,880,363

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2013

	Program Services				Management and General	Fundraising	2013 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
Employee benefits	37,948	60,372	23,890	-0-	23,445	34,104	179,759
Payroll taxes and expense	<u>11,198</u>	<u>19,779</u>	<u>9,493</u>	<u>-0-</u>	<u>8,357</u>	<u>11,868</u>	<u>60,695</u>
Total labor and benefits	192,395	333,172	154,833	-0-	138,653	197,786	1,016,839
Other Expenses:							
Depreciation	27,169	91,532	28,122	-0-	4,423	4,640	155,886
Food donations to agencies	-0-	2,714,979	53,322	-0-	-0-	-0-	2,768,301
Food spoilage	-0-	339,228	11,649	-0-	-0-	-0-	350,877
Kitchen and general supplies	10,237	31,638	45,596	7,220	491	954	96,136
Insurance	13,461	22,889	6,661	-0-	6,918	4,227	54,156
Equipment and facility rent	170	295	134	-0-	100	146	845
Vehicle expenses	27,420	17,940	9	-0-	36	166	45,571
Postage	898	1,440	585	24	475	3,265	6,687
Printing	3,054	6,750	2,797	-0-	3,818	14,570	30,989
Public relations	1,584	1,501	1,501	-0-	1,501	3,437	9,524
Awards and recognition	5,625	9,372	16,120	-0-	3,831	2,208	37,156
Utilities	16,805	39,611	19,139	-0-	5,373	6,014	86,942
Repair and maintenance	16,372	45,686	25,209	-0-	6,294	7,791	101,352
Travel and entertainment	184	198	857	-0-	94	1,310	2,643
Seminars	98	690	16,763	-0-	1,257	3,965	22,773
Office supplies	671	1,548	733	13	799	958	4,722
Dues and subscriptions	2,707	4,663	2,853	-0-	1,715	4,751	16,689
Bank and finance charges	-0-	-0-	-0-	125	3,670	2,481	6,276
Professional fees	427	864	42,086	-0-	13,577	3,890	60,844
Miscellaneous	<u>-0-</u>	<u>346</u>	<u>598</u>	<u>-0-</u>	<u>325</u>	<u>3,886</u>	<u>5,155</u>
Total Expenses	<u>\$ 319,277</u>	<u>\$ 3,664,342</u>	<u>\$ 429,567</u>	<u>\$ 7,382</u>	<u>\$ 193,350</u>	<u>\$ 266,445</u>	<u>\$ 4,880,363</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ (19,347)	\$ 166,171
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	161,176	155,886
Loss on disposal of fixed assets	12,554	-0-
Donated investments	(95,407)	(36,635)
(Gain) loss on sale of investments, net	(235)	571
Changes in operating assets and liabilities:		
Accounts receivable	10,898	(19,860)
Grants receivable	82,150	(163,200)
Inventories	(8,742)	(14,377)
Prepaid expenses and other assets	(11,714)	4,299
Accounts payable	16,761	4,461
Accrued expenses and other liabilities	(20,201)	25,600
Net cash provided by operating activities	<u>127,893</u>	<u>122,916</u>
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	14,000	-0-
Purchase of property and equipment	(88,297)	(157,106)
Proceeds received from sale of investments	<u>95,642</u>	<u>36,064</u>
Net cash provided by (used in) investing activities	<u>21,345</u>	<u>(121,042)</u>
Net increase in cash and short-term investments	149,238	1,874
Cash and Short-Term Investments, Beginning of Year	<u>779,931</u>	<u>778,057</u>
Cash and Short-Term Investments, End of Year	<u>\$ 929,169</u>	<u>\$ 779,931</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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 2,024,118 and 2,008,689 for the years ended June 30, 2014 and 2013, respectively. The Organization distributed 900,957 and 817,463 meals for the years ended June 30, 2014 and 2013, 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.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("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 no short-term investments at June 30, 2014 and 2013, respectively.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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

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, 2014, 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, 2011.

Subsequent Events

Subsequent events have been evaluated through September 29, 2014, which is the date the financial statements were available for issuance.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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. For years ended June 30, 2014 and 2013, the Organization received grants totaling \$518,343 and \$784,853, respectively for all programs.

The Organization considers all grants receivable to be collectible and, therefore, no allowance for uncollectible grants receivable is recorded at June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 131,550	\$ 143,700
One to five years	<u>30,000</u>	<u>100,000</u>
	<u>\$ 161,550</u>	<u>\$ 243,700</u>

3. LINE OF CREDIT

The Organization has \$300,000 of available borrowings under a line of credit with a bank until May 2015, 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, 2014 and 2013, 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 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 \$5,821 and \$5,494 for the years ended June 30, 2014 and 2013, respectively.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Job Training	\$ 210,050	\$ 269,250
Hunger Relief	11,223	26,500
Food Rescue	<u>3,223</u>	<u>40,200</u>
	<u>\$ 224,496</u>	<u>\$ 335,950</u>

6. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$189,354 and \$295,484 for the years ended June 30, 2014 and 2013, 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 and believes it is not exposed to any significant credit risk on cash and short-term investments.

Grants Receivable

At June 30, 2014 and for the year then ended, 90% of grants receivable were from two (2) grantors and 53% of grant revenues were from three (3) grantors.

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.