



FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014



# SECOND HELPINGS, INC.

## TABLE OF CONTENTS

JUNE 30, 2015 AND 2014

	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 12



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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, 2015 and 2014, 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, 2015 and 2014, 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*

October 14, 2015

## SECOND HELPINGS, INC.

### STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
<b>Current Assets:</b>		
Cash and short-term investments	\$ 814,771	\$ 728,655
Cash - Legacy Fund	200,916	200,514
Accounts receivable	9,882	11,107
Grants receivable, current	30,184	131,550
Inventories	120,560	88,098
Prepaid expenses and other assets	9,964	20,046
Total current assets	<u>1,186,277</u>	<u>1,179,970</u>
<b>Property and Equipment:</b>		
Land	49,700	49,700
Building and improvements	2,359,460	2,334,354
Furniture and equipment	<u>1,188,906</u>	<u>1,239,040</u>
	3,598,066	3,623,094
Less accumulated depreciation	<u>1,296,558</u>	<u>1,222,154</u>
Property and equipment, net	2,301,508	2,400,940
<b>Long-Term Grants Receivable</b>	<u>15,000</u>	<u>30,000</u>
Total assets	<u>\$ 3,502,785</u>	<u>\$ 3,610,910</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>Liabilities:</b>		
Accounts payable	\$ 52,375	\$ 52,242
Accrued expenses and other liabilities	<u>41,043</u>	<u>35,281</u>
Total liabilities	<u>93,418</u>	<u>87,523</u>
<b>Net Assets:</b>		
Unrestricted net assets:		
Unrestricted net assets	3,085,651	3,098,377
Unrestricted net assets - Legacy Fund	<u>200,916</u>	<u>200,514</u>
	3,286,567	3,298,891
Temporarily restricted net assets	<u>122,800</u>	<u>224,496</u>
Total net assets	<u>3,409,367</u>	<u>3,523,387</u>
Total liabilities and net assets	<u>\$ 3,502,785</u>	<u>\$ 3,610,910</u>

See accompanying Notes to Financial Statements.

## SECOND HELPINGS, INC.

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>Changes in Unrestricted Net Assets:</b>		
Public support and revenues:		
Individual contributions	\$ 693,240	\$ 589,363
Corporate and government contributions and grants	718,318	767,609
Special events	389,152	365,993
Special events - in-kind	304,177	231,484
In-kind contributions - operations	<u>55,890</u>	<u>66,226</u>
Total public support and revenues	<u>2,160,777</u>	<u>2,020,675</u>
<b>Program Revenue:</b>		
Rescued food	4,348,238	3,157,624
Fee income	<u>22,919</u>	<u>20,405</u>
Total program revenues	<u>4,371,157</u>	<u>3,178,029</u>
<b>Other Revenues:</b>		
Investment income	686	740
Other income (expense), net	17,999	(10,324)
Net assets released from restrictions	<u>178,696</u>	<u>189,354</u>
Total other revenue	<u>197,381</u>	<u>179,770</u>
Total unrestricted support and revenues	<u>6,729,315</u>	<u>5,378,474</u>
<b>Expenses:</b>		
Program services:		
Food Rescue	323,684	325,853
Hunger Relief	4,949,759	3,721,883
Job Training	491,739	458,105
Serv-Safe	7,832	5,333
Supporting services:		
Management and general	220,644	201,628
Fundraising	443,804	342,081
Fundraising - in-kind	<u>304,177</u>	<u>231,484</u>
Total operating expenses	<u>6,741,639</u>	<u>5,286,367</u>
Increase (decrease) in unrestricted net assets	<u>(12,324)</u>	<u>92,107</u>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Public support and revenues	77,000	77,900
Net assets released from restrictions	<u>(178,696)</u>	<u>(189,354)</u>
Decrease in temporarily restricted net assets	<u>(101,696)</u>	<u>(111,454)</u>
Total decrease in net assets	(114,020)	(19,347)
<b>Net Assets, Beginning of Year</b>	<u>3,523,387</u>	<u>3,542,734</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,409,367</u>	<u>\$ 3,523,387</u>

See accompanying Notes to Financial Statements.

## SECOND HELPINGS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	Program Services				Management and General	Fundraising	2015 Total	2014 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe				
<b>Labor and Benefits:</b>								
Salaries	\$ 139,855	\$ 292,261	\$ 124,614	\$ -0-	\$ 118,339	\$ 221,438	\$ 896,507	\$ 795,029
Employee benefits	38,402	75,708	32,804	-0-	29,269	50,748	226,931	196,970
Payroll taxes and expense	11,156	23,837	9,941	-0-	9,440	17,664	72,038	62,987
Total labor and benefits	189,413	391,806	167,359	-0-	157,048	289,850	1,195,476	1,054,986
<b>Other Expenses:</b>								
Food donations to agencies	-0-	3,817,021	79,873	-0-	-0-	-0-	3,896,894	2,842,741
Food spoilage and tare	-0-	397,937	20,944	-0-	-0-	-0-	418,881	306,141
Special events	-0-	-0-	-0-	-0-	-0-	391,408	391,408	306,298
Depreciation	28,882	97,879	22,464	-0-	5,616	5,616	160,457	161,176
Kitchen and general supplies	3,749	54,204	44,627	7,776	1,435	389	112,180	108,124
Utilities	18,999	41,738	24,993	-0-	5,490	6,293	97,513	88,961
Repair and maintenance	13,685	46,141	21,122	-0-	4,926	7,060	92,934	103,180
Professional fees	586	7,652	38,727	-0-	15,463	467	62,895	71,772
Insurance	11,267	18,071	7,890	-0-	8,547	5,429	51,204	63,237
Vehicle expenses	32,318	16,284	94	-0-	-0-	-0-	48,696	44,936
Dues and subscriptions	5,264	10,533	5,605	-0-	3,938	10,191	35,531	17,674
Awards and recognition	1,718	10,134	15,157	-0-	4,162	2,568	33,739	29,298
Printing	3,673	8,405	3,294	-0-	5,643	10,787	31,802	31,315
Security	9,429	21,105	13,469	-0-	2,378	2,545	48,926	-0-
Seminars	124	2,312	17,499	-0-	1,131	1,511	22,577	17,736
Public relations	2,617	2,881	3,064	-0-	2,617	2,617	13,796	11,623
Travel and entertainment	20	2,384	3,767	-0-	325	1,658	8,154	2,713
Bank and finance charges	841	841	841	-0-	841	4,196	7,560	6,944
Postage	612	1,128	504	56	354	4,554	7,208	6,832
Office supplies	477	1,303	396	-0-	730	842	3,748	4,183
Miscellaneous	10	-0-	50	-0-	-0-	-0-	60	5,773
Equipment and facility rent	-0-	-0-	-0-	-0-	-0-	-0-	-0-	724
Total Expenses	<u>\$ 323,684</u>	<u>\$ 4,949,759</u>	<u>\$ 491,739</u>	<u>\$ 7,832</u>	<u>\$ 220,644</u>	<u>\$ 747,981</u>	<u>\$ 6,741,639</u>	<u>\$ 5,286,367</u>

See accompanying Notes to Financial Statements.

## SECOND HELPINGS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2014

	Program Services				Management and General	Fundraising	2014 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe			
<b>Labor and Benefits:</b>							
Salaries	\$ 146,269	\$ 258,465	\$ 124,201	\$ -0-	\$ 111,160	\$ 154,934	\$ 795,029
Employee benefits	39,808	63,600	25,579	-0-	28,358	39,625	196,970
Payroll taxes and expense	<u>11,588</u>	<u>20,477</u>	<u>9,839</u>	<u>-0-</u>	<u>8,808</u>	<u>12,275</u>	<u>62,987</u>
Total labor and benefits	197,665	342,542	159,619	-0-	148,326	206,834	1,054,986
<b>Other Expenses:</b>							
Food donations to agencies	-0-	2,779,543	63,198	-0-	-0-	-0-	2,842,741
Special events	-0-	-0-	-0-	-0-	-0-	306,298	306,298
Food spoilage and tare	-0-	290,834	15,307	-0-	-0-	-0-	306,141
Depreciation	30,462	102,482	19,480	-0-	4,485	4,267	161,176
Repair and maintenance	15,465	48,215	25,862	-0-	6,521	7,117	103,180
Kitchen and general supplies	6,640	43,639	51,778	5,296	479	292	108,124
Utilities	18,522	37,461	22,422	-0-	5,401	5,155	88,961
Professional fees	746	2,588	50,192	-0-	13,726	4,520	71,772
Insurance	18,730	25,349	8,585	-0-	6,373	4,200	63,237
Vehicle expenses	21,870	22,473	2	-0-	53	538	44,936
Dues and subscriptions	2,989	5,261	2,290	-0-	2,153	4,981	17,674
Awards and recognition	4,631	5,593	15,954	-0-	1,382	1,738	29,298
Printing	3,772	7,485	3,646	-0-	5,889	10,523	31,315
Seminars	191	1,096	14,119	-0-	1,641	689	17,736
Public relations	2,154	2,422	2,154	-0-	2,101	2,792	11,623
Miscellaneous	22	663	323	-0-	112	4,653	5,773
Travel and entertainment	7	1,048	749	-0-	853	56	2,713
Bank and finance charges	771	771	771	3	771	3,857	6,944
Postage	557	849	452	34	542	4,398	6,832
Office supplies	507	1,282	1,103	-0-	748	543	4,183
Equipment and facility rent	<u>152</u>	<u>287</u>	<u>99</u>	<u>-0-</u>	<u>72</u>	<u>114</u>	<u>724</u>
Total Expenses	<u>\$ 325,853</u>	<u>\$ 3,721,883</u>	<u>\$ 458,105</u>	<u>\$ 5,333</u>	<u>\$ 201,628</u>	<u>\$ 573,565</u>	<u>\$ 5,286,367</u>

See accompanying Notes to Financial Statements.



## SECOND HELPINGS, INC.

### STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
Decrease in net assets	\$ (114,020)	\$ (19,347)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	160,457	161,176
(Gain) loss on disposal of fixed assets	(15,513)	12,554
Donated investments	(109,976)	(95,407)
(Gain) loss on sale of investments, net	284	(235)
Changes in operating assets and liabilities:		
Accounts receivable	1,225	10,898
Grants receivable	116,366	82,150
Inventories	(32,462)	(8,742)
Prepaid expenses and other assets	10,082	(11,714)
Accounts payable	133	16,761
Accrued expenses and other liabilities	<u>5,762</u>	<u>(20,201)</u>
Net cash provided by operating activities	<u>22,338</u>	<u>127,893</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of fixed assets	15,513	14,000
Purchase of property and equipment	(61,025)	(88,297)
Proceeds received from sale of investments	<u>109,692</u>	<u>95,642</u>
Net cash provided by investing activities	<u>64,180</u>	<u>21,345</u>
Net increase in cash and short-term investments	86,518	149,238
<b>Cash and Short-Term Investments, Beginning of Year</b>	<u>929,169</u>	<u>779,931</u>
<b>Cash and Short-Term Investments, End of Year</b>	<u>\$ 1,015,687</u>	<u>\$ 929,169</u>

See accompanying Notes to Financial Statements.

# SECOND HELPINGS, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

### 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 2,354,579 and 2,024,118 for the years ended June 30, 2015 and 2014, respectively. The Organization distributed 955,869 and 900,957 meals for the years ended June 30, 2015 and 2014, 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 Statements of Activities and Changes in Net Assets as net assets released from restrictions.

## **SECOND HELPINGS, INC.**

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

#### 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 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, 2015 and 2014, respectively.

## SECOND HELPINGS, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

#### 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 the exempt purpose of the Organization as required by U.S. GAAP, including consideration of any unrelated business income tax. As of June 30, 2015, 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, 2012.

#### Reclassification

Certain amounts in the 2014 financial statements have been reclassified to conform to the presentation of the 2015 financial statements.

## SECOND HELPINGS, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

#### Subsequent Events

Subsequent events have been evaluated through October 14, 2015, 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. For years ended June 30, 2015 and 2014, the Organization received grants totaling \$456,664 and \$518,343, 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, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 30,184	\$ 131,550
One to five years	<u>15,000</u>	<u>30,000</u>
	<u>\$ 45,184</u>	<u>\$ 161,550</u>

#### 3. LINE OF CREDIT

The Organization has \$300,000 of available borrowings under a line of credit with a bank which is subject to renewal annually in the month of May. 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, 2015 and 2014, 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 \$5,755 and \$5,821 for the years ended June 30, 2015 and 2014, respectively.

## SECOND HELPINGS, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

#### 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Job Training	\$ 81,800	\$ 210,050
Hunger Relief	25,500	11,223
Food Rescue	<u>15,500</u>	<u>3,223</u>
	<u>\$ 122,800</u>	<u>\$ 224,496</u>

#### 6. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$178,696 and \$189,354 for the years ended June 30, 2015 and 2014, 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, 2015 and for the year then ended, 93% of grants receivable were from two (2) grantors and 57% of grant revenues were from three (3) grantors.

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.