



FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



SECOND HELPINGS, INC.

TABLE OF CONTENTS

JUNE 30, 2022 AND 2021

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 20

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Second Helpings, Inc.

Opinion

We have audited the accompanying financial statements of Second Helpings, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the results of its operations, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Alending CPA Group

Indianapolis, Indiana
September 13, 2022

SECOND HELPINGS, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,326,484	\$ 2,776,563
Investments - Legacy Fund	499,802	452,227
Accounts receivable	5,060	97,500
Grants receivable	350,346	464,464
Inventories	159,644	208,999
Prepaid expenses and other assets	30,590	34,059
Total current assets	4,371,926	4,033,812
Property and Equipment, Net	2,404,495	2,477,159
Accounts Receivable	40,000	-0-
Endowment Investments	9,726,866	10,422,932
Total assets	<u>\$16,543,287</u>	<u>\$16,933,903</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 64,063	\$ 129,160
Accrued expenses and other liabilities	50,113	63,880
Deferred revenue	30,000	35,000
Total current liabilities	144,176	228,040
Deferred Revenue	40,000	-0-
Total liabilities	<u>184,176</u>	<u>228,040</u>
Net Assets:		
Without donor restrictions:		
Undesignated	5,682,184	5,480,445
Designated by the Board	499,802	452,227
	6,181,986	5,932,672
With donor restrictions	10,177,125	10,773,191
Total net assets	<u>16,359,111</u>	<u>16,705,863</u>
Total liabilities and net assets	<u>\$16,543,287</u>	<u>\$16,933,903</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues:				
Individual contributions	\$ 1,721,819	\$ -0-	\$ 1,721,819	\$ 1,869,246
Corporate and government contributions and grants	1,052,079	445,000	1,497,079	2,862,112
Special events	481,593	-0-	481,593	377,813
Special events - in-kind services	147,885	-0-	147,885	106,377
Special events - in-kind supplies	70,660	-0-	70,660	43,165
In-kind contributions - services	19,706	-0-	19,706	25,155
In-kind contributions - food and supplies	154,515	-0-	154,515	3,134,254
Total public support and revenues	<u>3,648,257</u>	<u>445,000</u>	<u>4,093,257</u>	<u>8,418,122</u>
Program Revenue:				
Rescued food	6,907,704	-0-	6,907,704	6,715,479
Fee income	4,365	-0-	4,365	1,606
Total program revenues	<u>6,912,069</u>	<u>-0-</u>	<u>6,912,069</u>	<u>6,717,085</u>
Other Revenues:				
Other income (expense), net	26,130	-0-	26,130	(7,470)
Total support and revenues	<u>10,586,456</u>	<u>445,000</u>	<u>11,031,456</u>	<u>15,127,737</u>
Net Assets Released from Donor Restrictions	<u>961,490</u>	<u>(961,490)</u>	<u>-0-</u>	<u>-0-</u>
	<u>11,547,946</u>	<u>(516,490)</u>	<u>11,031,456</u>	<u>15,127,737</u>
Expenses:				
Program services:				
Food Rescue	508,543	-0-	508,543	464,441
Hunger Relief	8,794,246	-0-	8,794,246	13,871,717
Job Training	644,198	-0-	644,198	620,854
Total program services	<u>9,946,987</u>	<u>-0-</u>	<u>9,946,987</u>	<u>14,957,012</u>
Supporting services:				
Management and general	451,318	-0-	451,318	439,820
Fundraising	746,351	-0-	746,351	584,484
Fundraising - in-kind	147,885	-0-	147,885	149,542
Total expenses	<u>11,292,541</u>	<u>-0-</u>	<u>11,292,541</u>	<u>16,130,858</u>
Change in net assets from operations	255,405	(516,490)	(261,085)	(1,003,121)
Interest and Investment Income (Loss), Net	<u>(6,091)</u>	<u>(79,576)</u>	<u>(85,667)</u>	<u>2,813,989</u>
Change in net assets	249,314	(596,066)	(346,752)	1,810,868
Net Assets, Beginning of Year	<u>5,932,672</u>	<u>10,773,191</u>	<u>16,705,863</u>	<u>14,894,995</u>
Net Assets, End of Year	<u>\$ 6,181,986</u>	<u>\$ 10,177,125</u>	<u>\$ 16,359,111</u>	<u>\$ 16,705,863</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Individual contributions	\$ 1,869,246	\$ -0-	\$ 1,869,246
Corporate and government contributions and grants	2,549,612	312,500	2,862,112
Special events	377,813	-0-	377,813
Special events - in-kind services	106,377	-0-	106,377
Special events - in-kind supplies	43,165	-0-	43,165
In-kind contributions - services	25,155	-0-	25,155
In-kind contributions - operations	3,134,254	-0-	3,134,254
Total public support and revenues	<u>8,105,622</u>	<u>312,500</u>	<u>8,418,122</u>
Program Revenue:			
Rescued food	6,715,479	-0-	6,715,479
Fee income	1,606	-0-	1,606
Total program revenues	<u>6,717,085</u>	<u>-0-</u>	<u>6,717,085</u>
Other Revenues:			
Other expense, net	(7,470)	-0-	(7,470)
Total support and revenues	14,815,237	312,500	15,127,737
Net Assets Released from Donor Restrictions	<u>1,691,666</u>	<u>(1,691,666)</u>	<u>-0-</u>
	<u>16,506,903</u>	<u>(1,379,166)</u>	<u>15,127,737</u>
Expenses:			
Program services:			
Food Rescue	464,441	-0-	464,441
Hunger Relief	13,871,717	-0-	13,871,717
Job Training	620,854	-0-	620,854
Total program services	14,957,012	-0-	14,957,012
Supporting services:			
Management and general	439,820	-0-	439,820
Fundraising	584,484	-0-	584,484
Fundraising - in-kind	149,542	-0-	149,542
Total expenses	<u>16,130,858</u>	<u>-0-</u>	<u>16,130,858</u>
Change in net assets from operations	376,045	(1,379,166)	(1,003,121)
Interest and Investment Income, Net	<u>117,539</u>	<u>2,696,450</u>	<u>2,813,989</u>
Change in net assets	493,584	1,317,284	1,810,868
Net Assets, Beginning of Year	<u>5,439,088</u>	<u>9,455,907</u>	<u>14,894,995</u>
Net Assets, End of Year	<u>\$ 5,932,672</u>	<u>\$ 10,773,191</u>	<u>\$ 16,705,863</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	2022							2021
	Program Services				Management and General	Fundraising	Total	Total
	Food Rescue	Hunger Relief	Job Training	Total				
Labor and Benefits:								
Salaries	\$ 260,192	\$ 528,065	\$ 316,639	\$ 1,104,896	\$ 256,207	\$ 343,009	\$ 1,704,112	\$ 1,485,655
Employee benefits	34,321	73,196	34,070	141,587	42,973	38,106	222,666	312,797
Payroll taxes and expense	19,672	40,230	23,882	83,784	19,377	25,888	129,049	119,511
Total labor and benefits	314,185	641,491	374,591	1,330,267	318,557	407,003	2,055,827	1,917,963
Other Expenses:								
Food donations to agencies	-0-	6,190,302	26,642	6,216,944	-0-	-0-	6,216,944	5,888,065
Vendor meals	-0-	260,994	-0-	260,994	-0-	-0-	260,994	5,526,040
Food spoilage and tare	-0-	723,424	16,691	740,115	-0-	-0-	740,115	827,266
Special events	-0-	-0-	-0-	-0-	-0-	358,686	358,686	220,483
Depreciation	49,620	117,989	24,156	191,765	4,883	6,682	203,330	212,097
Utilities	21,374	60,500	23,476	105,350	4,789	6,657	116,796	103,257
Program supplies	6,739	601,375	45,992	654,106	1,197	1,070	656,373	745,510
Repair and maintenance	17,120	69,059	18,802	104,981	2,938	3,829	111,748	121,308
Professional fees	2,720	5,394	40,016	48,130	46,399	10,162	104,691	108,237
Insurance	14,157	30,748	7,023	51,928	9,653	4,542	66,123	69,282
Vehicle expenses	50,472	16,045	-0-	66,517	-0-	-0-	66,517	59,182
Dues and subscriptions	188	158	2,673	3,019	9,409	2,429	14,857	12,834
Awards and recognition	3,389	7,324	1,722	12,435	11,595	1,947	25,977	24,983
Printing	4,285	7,516	4,420	16,221	3,813	17,602	37,636	34,908
Telephone	4,444	7,425	2,388	14,257	2,126	2,420	18,803	18,966
Trainee assistance and awards	-0-	-0-	21,945	21,945	-0-	-0-	21,945	26,563
Public relations	1,083	4,454	7,459	12,996	944	5,798	19,738	4,648
Travel and entertainment	155	1,112	2,140	3,407	7,571	1,622	12,600	2,883
Security	4,106	11,047	4,287	19,440	1,009	1,216	21,665	22,729
Bank and finance charges	-0-	-0-	-0-	-0-	2,929	25,273	28,202	29,693
Postage	345	666	257	1,268	197	5,282	6,747	10,112
Office supplies	712	2,046	655	3,413	1,224	700	5,337	3,843
Equipment and facility rent	2,192	5,922	2,393	10,507	601	790	11,898	2,685
Kitchen equipment	3,447	7,700	269	11,416	4,063	130	15,609	15,157
Computer and repairs	7,803	21,548	16,195	45,546	17,418	30,396	93,360	122,122
Miscellaneous	7	7	6	20	3	-0-	23	42
Total expenses	<u>\$ 508,543</u>	<u>\$ 8,794,246</u>	<u>\$ 644,198</u>	<u>\$ 9,946,987</u>	<u>\$ 451,318</u>	<u>\$ 894,236</u>	<u>\$ 11,292,541</u>	<u>\$ 16,130,858</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2021

	Program Services				Management and Fundraising		
	Food Rescue	Hunger Relief	Job Training	Total	General	Fundraising	Total
Labor and Benefits:							
Salaries	\$ 225,785	\$ 460,018	\$ 279,790	\$ 965,593	\$ 221,425	\$ 298,637	\$ 1,485,655
Employee benefits	44,580	96,335	55,613	196,528	53,916	62,353	312,797
Payroll taxes and expense	18,356	37,124	22,475	77,955	17,637	23,919	119,511
Total labor and benefits	288,721	593,477	357,878	1,240,076	292,978	384,909	1,917,963
Other Expenses:							
Food donations to agencies	-0-	5,864,256	23,809	5,888,065	-0-	-0-	5,888,065
Vendor meals	-0-	5,526,040	-0-	5,526,040	-0-	-0-	5,526,040
Food spoilage and tare	-0-	815,923	11,343	827,266	-0-	-0-	827,266
Special events	-0-	-0-	-0-	-0-	-0-	220,483	220,483
Depreciation	44,902	124,813	30,582	200,297	4,849	6,951	212,097
Utilities	18,896	53,487	20,755	93,138	4,234	5,885	103,257
Program supplies	4,232	690,392	49,647	744,271	434	805	745,510
Repair and maintenance	15,960	76,381	19,759	112,100	5,275	3,933	121,308
Professional fees	1,365	3,035	26,246	30,646	76,836	755	108,237
Insurance	14,836	31,093	8,280	54,209	9,452	5,621	69,282
Vehicle expenses	42,943	16,049	90	59,082	18	82	59,182
Dues and subscriptions	25	85	2,860	2,970	6,801	3,063	12,834
Awards and recognition	4,855	10,485	2,388	17,728	4,942	2,313	24,983
Printing	3,437	6,261	3,508	13,206	3,364	18,338	34,908
Telephone	4,796	7,541	2,793	15,130	1,541	2,295	18,966
Trainee assistance and awards	-0-	-0-	26,563	26,563	-0-	-0-	26,563
Public relations	1,189	696	179	2,064	1,428	1,156	4,648
Travel and entertainment	245	904	660	1,809	805	269	2,883
Security	4,184	11,622	4,663	20,469	958	1,302	22,729
Bank and finance charges	1	-0-	-0-	1	2,047	27,645	29,693
Postage	317	576	265	1,158	174	8,780	10,112
Office supplies	355	925	492	1,772	1,384	687	3,843
Equipment and facility rent	455	1,128	452	2,035	184	466	2,685
Kitchen equipment	1,340	9,989	1,092	12,421	2,241	495	15,157
Computer and repairs	11,387	26,549	26,540	64,476	19,853	37,793	122,122
Miscellaneous	-0-	10	10	20	22	-0-	42
Total expenses	<u>\$ 464,441</u>	<u>\$ 13,871,717</u>	<u>\$ 620,854</u>	<u>\$ 14,957,012</u>	<u>\$ 439,820</u>	<u>\$ 734,026</u>	<u>\$ 16,130,858</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (346,752)	\$ 1,810,868
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Forgiveness of note payable	-0-	(296,650)
Depreciation	203,330	212,097
Net realized and unrealized (gains) losses on investments	107,363	(2,824,591)
Gain (loss) on disposal of property and equipment	(20,785)	12,415
Contributions to investments	-0-	(63,012)
Changes in operating assets and liabilities:		
Accounts receivable	92,440	(57,320)
Grants receivable	74,118	618,478
Inventories	49,355	(148)
Prepaid expenses and other assets	3,469	17,135
Accounts payable	(65,097)	25,358
Accrued expenses and other liabilities	(13,767)	16,766
Deferred revenue	35,000	(5,000)
Net cash provided by (used in) operating activities	<u>118,674</u>	<u>(533,604)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	34,912	-0-
Purchase of property and equipment	(144,793)	(222,167)
Proceeds from sale of investments	718,157	133,362
Purchase of investments	(177,029)	(59,202)
Net cash provided by (used in) investing activities	<u>431,247</u>	<u>(148,007)</u>
Net increase (decrease)	549,921	(681,611)
Cash and Cash Equivalents, Beginning of Year	<u>2,776,563</u>	<u>3,458,174</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,326,484</u></u>	<u><u>\$ 2,776,563</u></u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Second Helpings, Inc. (the "Organization") is a not-for-profit organization that began its program services in April 1998 to rescue and distribute 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 total pounds of food rescued by the Organization were 3,683,263 and 3,591,165 for the years ended June 30, 2022 and 2021, respectively. The Organization distributed 1,074,999 and 1,818,127 meals for the years ended June 30, 2022 and 2021, respectively.

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

Basis of Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net asset funds to protect the Organization's long-term viability due to volatility in funding resources.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the designated purpose for which the resource was restricted has been fulfilled, or both.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Revenue Recognition and Accounts Receivable and Grants Receivable

Support and program revenues are reported as with or without donor restrictions based on whether the donor has imposed any restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions are met in the same reporting period in which the revenue is recognized.

Contributions and grants are recognized at the earlier of when the donor makes an unconditional promise to give to the Organization either verbally or in writing or when payment is received from the donor. Contributions from grants under a cost reimbursement basis are recognized in the period the related expenses are incurred. Government grants under a cost reimbursement arrangement are considered contributions and not a customer contract as there is no direct reciprocation of benefits to the grantor in exchange for the contributions. Conditional promises to give are not included as support until the related conditions are substantially met.

Accounts receivable are recorded at the amount invoiced. Grants receivable consist of amounts that have been unconditionally promised or amounts due from performance-based service contracts where the services have been performed. Grants receivable are supported by written grant agreements and are reported at the remaining amount due or expected to be collected. The Organization, on a periodic basis, evaluates its accounts receivable and grants receivable and establishes an allowance for doubtful accounts based on past write-offs, collections, and current credit conditions. There was no allowance for doubtful accounts as of June 30, 2022 and 2021.

Paycheck Protection Program

During May 2020, the Organization secured a loan for \$296,650 from a bank under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). The loan was forgivable if the Organization met the PPP forgiveness conditions. During January 2021, the Organization was notified the SBA approved full forgiveness for the principal amount. Accordingly, the Organization recorded a contribution of \$296,650 as reported in Statement of Activities and Changes in Net Assets for the year ended June 30, 2021.

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. The Organization's occupancy related expenses are allocated to program areas based on actual direct expenditures and cost allocations based on square footage of the Organization's office building and headcount.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 include the collectability of accounts receivable and grants receivable, the depreciable lives of property and equipment, the allocation of expenses among functional categories, the fair value of in-kind contributions of food and supplies, and the fair value of assets measured by Level 3 inputs.

Cash and Cash Equivalents

Cash and cash equivalents represent cash held in checking, savings, and money market accounts.

Inventories

Inventories include purchased and donated food and supply items. Donated food and supply items are recorded at the estimated fair 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 net realizable value 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 the assets estimated fair value as of 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, 2022 AND 2021

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 reported.

Reclassification

Certain amounts in the 2021 financial statements have been reclassified herein to confirm to the 2022 presentation.

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, 2022, 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, 2019.

Subsequent Events

Subsequent events have been evaluated through September 13, 2022, which is the date the financial statements were available for issuance.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

2. LIQUIDITY AND AVAILABILITY

At June 30, 2022 and 2021, financial assets available for future general expenditures within one year from the Statements of Financial Position comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 3,326,484	\$ 2,776,563
Investments - Legacy Fund	499,802	452,227
Accounts receivable	45,060	97,500
Grants receivable	350,346	464,464
Endowment investments	<u>9,726,866</u>	<u>10,422,932</u>
	<u>13,948,558</u>	<u>14,213,686</u>
Less amounts not available to be used for general expenditures within one year:		
Long-term portion of accounts receivable	(40,000)	-0-
Donor restricted funds	(450,259)	(350,259)
Donor restricted endowment	(9,726,866)	(10,422,932)
Board Designated investments - Legacy Fund	<u>(499,802)</u>	<u>(452,227)</u>
	<u>(10,716,927)</u>	<u>(11,225,418)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,231,631</u>	<u>\$ 2,988,268</u>

The Organization is supported by restricted contributions. Donor restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due.

Investment income from the donor restricted endowment is classified within donor restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

The Organization's investment portfolio consists of highly liquid investments.

In the event of an unanticipated liquidity need, the Organization has available borrowings of \$640,000 on the line of credit (Note 8). In addition, the Organization's board designated investments may be utilized to meet current obligations at the discretion of the Board of Directors.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

3. GRANTS AND ACCOUNTS RECEIVABLES

The Organization recognizes all material unconditional promises to give and conditional promises under cost reimbursement basis as revenues. Unconditional and conditional promises to give that are expected to be collected in future years are recorded at their net present value.

Grants and accounts receivable at June 30, 2022 and 2021 are due as follows:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 355,406	\$ 561,964
One to five years	<u>40,000</u>	<u>-0-</u>
	<u>\$ 395,406</u>	<u>\$ 561,964</u>

For the years ended June 30, 2022 and 2021, the Organization received grants totaling \$1,052,632 and \$2,295,264, respectively, for all programs.

4. FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a fair value hierarchy, which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels are defined by U.S. GAAP as a means of measuring fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The Organization has no liabilities measured at fair value and assets measured at fair value on a recurring basis at June 30, 2022 and 2021 include endowment and Legacy Fund investments aggregating \$10,226,668 and \$10,875,159, respectively.

Investments are reported as Level 3 assets and represent the Organization's pro rata interest in the Central Indiana Community Foundation ("CICF") administered pooled investment funds. The individual investments are valued separately by the investment managers, and the Organization's pro rata interest is reported by CICF.

The Organization's accounting policy is to recognize transfers between levels as of the date the event or change in circumstances that caused the transfer. The Organization did not transfer assets between levels during the years ended June 30, 2022 and 2021, respectively.

5. INVESTMENTS

The Organization's investments at June 30, 2022 and 2021 were all held at CICF.

The components of interest and investment income (loss) of \$(85,667) and \$2,813,989 for the years ended June 30, 2022 and 2021, respectively, are as follows:

	<u>2022</u>	<u>2021</u>
Endowment investment return:		
Interest and dividend income	\$ 92,467	\$ 56,740
Net realized gains	411,126	915,721
Net unrealized gains (losses)	(510,712)	1,791,414
Administrative expenses	<u>(72,457)</u>	<u>(67,425)</u>
	<u>(79,576)</u>	<u>2,696,450</u>
Investment - Legacy Fund return:		
Interest and dividend income	4,462	2,462
Net realized gains	20,008	39,731
Net unrealized gains (losses)	(27,785)	77,725
Administrative expenses	<u>(3,457)</u>	<u>(2,925)</u>
	<u>(6,772)</u>	<u>116,993</u>
Other interest income	<u>681</u>	<u>546</u>
	<u>(6,091)</u>	<u>117,539</u>
	<u>\$ (85,667)</u>	<u>\$2,813,989</u>

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 411,785	\$ 411,785
Building and improvements	2,629,167	2,604,667
Furniture and equipment	1,364,736	1,299,670
Construction in progress	<u>26,000</u>	<u>-0-</u>
	4,431,688	4,316,122
Accumulated depreciation	<u>(2,027,193)</u>	<u>(1,838,963)</u>
	<u>\$2,404,495</u>	<u>\$2,477,159</u>

7. ENDOWMENT FUND

The Organization's endowment consists of funds established to support the activities of the Organization. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's funds designated by the Board of Directors is classified and reported as without donor restrictions.

The Board of Directors of the Organization has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization held in perpetuity: (a) the original value of gifts donated to the endowment; and (b) the original value of subsequent gifts to the endowment.

The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization;
- The investment policies of the Organization.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Funds with Deficiencies

From time to time, donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. There were no material deficiencies as of June 30, 2022 and 2021.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Organization while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term appreciation of the principal and generate income while ensuring the safety of the principal at all times. The Organization expects its endowment funds, over time, to provide a net real return (after fees and inflation) commensurate with the mix of the portfolio relative to market returns. Actual returns in any given year may vary from this expectation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies primarily on the investment strategy of CICF.

Spending Policy and How the Investment Objective Relates to Spending Policy

The Organization's spending policy is based on a predetermined calculation to moderate the impact of market fluctuations on annual withdrawals within an acceptable spending range of 2% to 6%, with a target spending rate of 4%.

Whenever the endowment fund balance on a valuation date is equal to or less than the historic gift value, the maximum spending from the endowment fund for the next fiscal year shall be 2% of the endowment fund balance. This maximum spending limit shall continue until the endowment fund balance on a future valuation date exceeds the historic gift value.

Whenever the endowment fund balance on a valuation date is greater than the historic gift value, the Organization may spend any percentage or amount of the endowment fund balance, provided that such spending would not cause the endowment fund to fall below the historic gift value. At which time the Organization would be limited to the greater of the excess of the endowment fund balance on the valuation date over the historic gift value or 2% of the endowment fund balance on the valuation date.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

In establishing this policy, the Organization considered its desire to be flexible in providing support to the Organization while maintaining a balance in the investment account. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional growth and investment return.

Endowment and Legacy Fund balances at June 30, 2022 and 2021 and the activities for the years then ended include the following:

	Legacy Fund	Endowment Fund	Total
Historic gift value	\$ 301,922	\$ 6,877,140	\$ 7,179,062
Accumulated earnings	33,312	849,342	882,654
Balances, June 30, 2020	<u>335,234</u>	<u>7,726,482</u>	<u>8,061,716</u>
2021 Activities:			
Fees, net of interest and dividends	(463)	(10,685)	(11,148)
Realized gains	39,731	915,721	955,452
Unrealized gains	<u>77,725</u>	<u>1,791,414</u>	<u>1,869,139</u>
	<u>116,993</u>	<u>2,696,450</u>	<u>2,813,443</u>
Historic gift value	301,922	6,877,140	7,179,062
Accumulated earnings	<u>150,305</u>	<u>3,545,792</u>	<u>3,696,097</u>
Balances, June 30, 2021	<u>452,227</u>	<u>10,422,932</u>	<u>10,875,159</u>
2022 Activities:			
Additions	80,100	-0-	80,100
Distributions from earnings	(25,753)	(616,490)	(642,243)
Interest and dividends, net of fees	1,005	20,010	21,015
Realized gains	20,008	411,126	431,134
Unrealized losses	<u>(27,785)</u>	<u>(510,712)</u>	<u>(538,497)</u>
	<u>47,575</u>	<u>(696,066)</u>	<u>(648,491)</u>
Historic gift value	382,022	6,877,140	7,259,162
Accumulated earnings	<u>117,780</u>	<u>2,849,726</u>	<u>2,967,506</u>
Balances, June 30, 2022	<u>\$ 499,802</u>	<u>\$ 9,726,866</u>	<u>\$10,226,668</u>

8. LINE OF CREDIT

The Organization has \$640,000 of available borrowings under a line of credit with a bank which expires March 2023. Borrowings under this facility bear interest at the Bloomberg Short-Term Bank Yield Index plus 2.85%. The line of credit is secured by substantially all assets of the Organization. There were no borrowings on the line of credit at June 30, 2022 and 2021.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

9. 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 up to the maximum amount allowed as determined by the Internal Revenue Code, which is subject to discretionary matching contributions made by the Organization. The Organization's discretionary matching contributions were \$33,188 and \$31,060 for the years ended June 30, 2022 and 2021, respectively.

10. DONATED SERVICES AND IN-KIND CONTRIBUTIONS

Food Rescue Program

The Organization records food rescued as an in-kind contribution and corresponding increase to inventory. The Organization reports food rescue and inventory on a per pound estimated value basis. The Organization evaluates the value per pound annually based upon consumer price indexes related to average food costs. The amount of inventory at June 30, 2022 and 2021 and in-kind food rescue contributions for the years then ended are as follows:

	<u>2022</u>	<u>2021</u>
Food rescue	\$6,907,704	\$6,715,479
Food inventory	\$ 159,644	\$ 208,999

Special Events and Other In-kind Contributions

Donated services are recorded as public support only if they create or enhance non-financial assets or require specialized services. Food and supplies are valued using prices of identical or similar products using pricing data under a "like-kind" methodology considering the condition and utility for use at the time of contribution. Services are recorded at the services estimated fair value. Total special events and other in-kind contributions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Special events - in-kind services	\$ 147,885	\$ 106,377
Special events - in-kind supplies	70,660	43,165
In-kind contributions - services	19,706	25,155
In-kind contributions - food and supplies	<u>154,515</u>	<u>3,134,254</u>
	<u>\$ 392,766</u>	<u>\$3,308,951</u>

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are designated for the following purposes at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Hunger Relief	\$ 225,000	\$ 312,500
Job Training	37,759	37,759
Capital Project	187,500	-0-
	<u>450,259</u>	<u>350,259</u>
Endowment:		
Held in perpetuity	6,877,140	6,877,140
Endowment accumulated earnings	<u>2,849,726</u>	<u>3,545,792</u>
	<u>9,726,866</u>	<u>10,422,932</u>
	<u>\$10,177,125</u>	<u>\$10,773,191</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors. Donor restricted funds of \$961,490 and \$1,691,666 were released from donor restrictions during the years ended June 30, 2022 and 2021, respectively.

12. CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed Federally insured limits. The Organization had not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Grants Receivable and Grant Revenue

At June 30, 2022 and for the year then ended, 94% of grants receivable were from three (3) grantors and 68% of grant revenues were from three (3) grantors. Grant revenues represent 10% of total public support and revenues.

At June 30, 2021 and for the year then ended, 84% of grants receivable were from one (1) grantor and 63% of grant revenues were from two (2) grantors. Grant revenues represent 27% of total public support and revenues.