



FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015



SECOND HELPINGS, INC.

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JUNE 30, 2016 AND 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Blending CPA Group

August 18, 2016

SECOND HELPINGS, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and short-term investments	\$ 644,790	\$ 814,771
Cash - Legacy Fund	254,474	200,916
Accounts receivable	13,876	9,882
Grants receivable, current	106,600	30,184
Inventories	112,273	120,560
Prepaid expenses and other assets	18,506	9,964
Total current assets	<u>1,150,519</u>	<u>1,186,277</u>
Property and Equipment:		
Land	49,700	49,700
Building and improvements	2,370,675	2,359,460
Furniture and equipment	<u>1,320,589</u>	<u>1,188,906</u>
	3,740,964	3,598,066
Less accumulated depreciation	<u>1,460,849</u>	<u>1,296,558</u>
Property and equipment, net	2,280,115	2,301,508
Long-Term Grants Receivable	<u>50,000</u>	<u>15,000</u>
Total assets	<u>\$ 3,480,634</u>	<u>\$ 3,502,785</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:		
Accounts payable	\$ 49,730	\$ 52,375
Accrued expenses and other liabilities	<u>52,953</u>	<u>41,043</u>
Total liabilities	<u>102,683</u>	<u>93,418</u>
Net Assets:		
Unrestricted net assets:		
Unrestricted net assets	2,896,712	3,085,651
Unrestricted net assets - Legacy Fund	<u>254,474</u>	<u>200,916</u>
	3,151,186	3,286,567
Temporarily restricted net assets	<u>226,765</u>	<u>122,800</u>
Total net assets	<u>3,377,951</u>	<u>3,409,367</u>
Total liabilities and net assets	<u>\$ 3,480,634</u>	<u>\$ 3,502,785</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets:		
Public support and revenues:		
Individual contributions	\$ 713,734	\$ 693,240
Corporate and government contributions and grants	736,666	718,318
Special events	379,557	389,152
Special events - in-kind	230,776	304,177
In-kind contributions - operations	<u>38,804</u>	<u>55,890</u>
Total public support and revenues	<u>2,099,537</u>	<u>2,160,777</u>
Program Revenue:		
Rescued food	4,551,077	4,348,238
Fee income	<u>26,749</u>	<u>22,919</u>
Total program revenues	<u>4,577,826</u>	<u>4,371,157</u>
Other Revenues:		
Investment income	750	686
Other income (expense), net	2,924	17,999
Net assets released from restrictions	<u>138,035</u>	<u>178,696</u>
Total other revenue	<u>141,709</u>	<u>197,381</u>
Total unrestricted support and revenues	<u>6,819,072</u>	<u>6,729,315</u>
Expenses:		
Program services:		
Food Rescue	326,156	323,684
Hunger Relief	5,208,586	4,949,759
Job Training	515,305	491,739
Serv-Safe	<u>14,487</u>	<u>7,832</u>
Total program services	6,064,534	5,773,014
Supporting services:		
Management and general	234,564	220,644
Fundraising	424,579	443,804
Fundraising - in-kind	<u>230,776</u>	<u>304,177</u>
Total operating expenses	<u>6,954,453</u>	<u>6,741,639</u>
Decrease in unrestricted net assets	<u>(135,381)</u>	<u>(12,324)</u>
Changes in Temporarily Restricted Net Assets:		
Public support and revenues	242,000	77,000
Net assets released from restrictions	<u>(138,035)</u>	<u>(178,696)</u>
Increase (decrease) in temporarily restricted net assets	<u>103,965</u>	<u>(101,696)</u>
Total decrease in net assets	(31,416)	(114,020)
Net Assets, Beginning of Year	<u>3,409,367</u>	<u>3,523,387</u>
Net Assets, End of Year	<u>\$ 3,377,951</u>	<u>\$ 3,409,367</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	Program Services				Management and General	Fundraising	2016 Total	2015 Total
	Food Rescue	Hunger Relief	Job Training	Serv-Safe				
Labor and Benefits:								
Salaries	\$ 146,419	\$ 303,957	\$ 139,005	\$ -0-	\$ 118,617	\$ 218,701	\$ 926,699	\$ 896,507
Employee benefits	35,501	71,027	32,892	-0-	26,444	47,735	213,599	226,931
Payroll taxes and expense	11,590	24,061	11,004	-0-	9,390	17,312	73,357	72,038
Total labor and benefits	193,510	399,045	182,901	-0-	154,451	283,748	1,213,655	1,195,476
Other Expenses:								
Food donations to agencies	-0-	4,115,405	78,126	-0-	-0-	-0-	4,193,531	3,896,894
Food spoilage and tare	-0-	347,542	18,291	-0-	-0-	-0-	365,833	418,881
Special events	-0-	-0-	532	-0-	-0-	301,098	301,630	391,408
Depreciation	28,870	103,072	23,130	-0-	2,181	7,036	164,289	160,457
Kitchen and general supplies	4,397	45,209	47,084	14,460	1,489	212	112,851	112,180
Utilities	19,084	42,583	24,191	-0-	5,648	6,929	98,435	97,513
Repair and maintenance	14,811	47,792	22,529	-0-	5,915	8,681	99,728	92,934
Professional fees	923	3,664	34,830	-0-	38,203	1,260	78,880	62,895
Insurance	10,478	18,141	7,557	-0-	7,262	3,808	47,246	51,204
Vehicle expenses	23,329	17,488	-0-	-0-	-0-	-0-	40,817	48,696
Dues and subscriptions	3,983	8,691	5,504	-0-	2,605	9,814	30,597	35,531
Awards and recognition	1,144	4,314	11,794	-0-	2,432	888	20,572	33,739
Printing	3,578	6,896	3,626	-0-	5,581	13,509	33,190	31,802
Security	17,890	41,225	25,398	-0-	4,585	4,568	93,666	48,926
Seminars	5	1,377	16,557	-0-	171	781	18,891	22,577
Public relations	1,898	1,923	10,273	-0-	1,896	2,631	18,621	13,796
Travel and entertainment	29	810	977	-0-	196	25	2,037	8,154
Bank and finance charges	894	894	894	-0-	640	6,196	9,518	7,560
Postage	730	1,309	619	27	558	3,347	6,590	7,208
Office supplies	502	994	352	-0-	627	479	2,954	3,748
Miscellaneous	8	5	68	-0-	62	236	379	60
Equipment and facility rent	93	207	72	-0-	62	109	543	-0-
Total Expenses	<u>\$ 326,156</u>	<u>\$ 5,208,586</u>	<u>\$ 515,305</u>	<u>\$ 14,487</u>	<u>\$ 234,564</u>	<u>\$ 655,355</u>	<u>\$ 6,954,453</u>	<u>\$ 6,741,639</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2015

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

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Decrease in net assets	\$ (31,416)	\$ (114,020)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	164,291	160,457
Loss on disposal of fixed assets	-0-	(15,513)
Donated investments	(67,550)	(109,976)
Loss on sale of investments, net	51	284
Changes in operating assets and liabilities:		
Accounts receivable	(3,994)	1,225
Grants receivable	(111,416)	116,366
Inventories	8,287	(32,462)
Prepaid expenses and other assets	(8,542)	10,082
Accounts payable	(2,645)	133
Accrued expenses and other liabilities	11,910	5,762
Net cash provided by (used in) operating activities	<u>(41,024)</u>	<u>22,338</u>
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	-0-	15,513
Purchase of property and equipment	(142,898)	(61,025)
Proceeds received from sale of investments	<u>67,499</u>	<u>109,692</u>
Net cash provided by (used in) investing activities	<u>(75,399)</u>	<u>64,180</u>
Net increase (decrease) in cash and short-term investments	(116,423)	86,518
Cash and Short-Term Investments, Beginning of Year	<u>1,015,687</u>	<u>929,169</u>
Cash and Short-Term Investments, End of Year	<u>\$ 899,264</u>	<u>\$ 1,015,687</u>

See accompanying Notes to Financial Statements.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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 2,432,680 and 2,354,579 for the years ended June 30, 2016 and 2015, respectively. The Organization distributed 983,284 and 955,869 meals for the years ended June 30, 2016 and 2015, 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, 2016 AND 2015

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. There was no allowance for doubtful accounts as of June 30, 2016 and 2015.

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.

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, 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 measured by a Level 1 input in accordance with U.S. GAAP, defined as quoted prices in active markets for identical investments that can be accessed as of the measurement date.

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, 2016 and 2015.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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, 2016, 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, 2013.

Subsequent Events

Subsequent events have been evaluated through August 18, 2016, which is the date the financial statements were available for issuance.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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, 2016 and 2015, the Organization received grants totaling \$602,809 and \$456,664, 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, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 106,600	\$ 30,184
One to five years	<u>50,000</u>	<u>15,000</u>
	<u>\$ 156,600</u>	<u>\$ 45,184</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, 2016 and 2015.

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 \$5,650 and \$5,755 for the years ended June 30, 2016 and 2015, respectively.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Job Training	\$ 213,707	\$ 81,800
Hunger Relief	13,058	25,500
Food Rescue	<u>-0-</u>	<u>15,500</u>
	<u>\$ 226,765</u>	<u>\$ 122,800</u>

6. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$138,035 and \$178,696 for the years ended June 30, 2016 and 2015, 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, 2016 and for the year then ended, 74% of grants receivable were from two (2) grantors and 68% of grant revenues were from four (4) grantors.

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.