



FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

CPAs / ADVISORS



SECOND HELPINGS, INC.

TABLE OF CONTENTS
JUNE 30, 2024 AND 2023

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses.....	6
Statements of Cash flows.....	8
Notes to Financial Statements	9



Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Second Helpings, Inc.
Indianapolis, Indiana

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, 2024 and 2023, and the related statements of activities, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

REPORT OF INDEPENDENT AUDITORS - CONTINUED

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.

Blue & Co., LLC

Carmel, Indiana

September 24, 2024

SECOND HELPINGS, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,694,040	\$ 3,666,857
Accounts receivable	8,480	5,040
Grants and pledges receivable	277,377	396,142
Inventories	150,337	178,260
Prepaid expenses and other assets	36,334	55,238
Total current assets	4,166,568	4,301,537
Property and equipment, net	2,827,600	2,817,320
Accounts receivable	-0-	20,000
Grants and pledges receivable	135,000	160,000
Beneficial interest in assets held by others	11,270,953	10,249,962
	<u>\$ 18,400,121</u>	<u>\$ 17,548,819</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 98,863	\$ 75,060
Accrued expenses and other liabilities	128,665	56,523
Deferred revenue	23,500	50,500
Total current liabilities	251,028	182,083
Deferred revenue	-0-	20,000
Total liabilities	251,028	202,083
Net assets		
Without donor restrictions:		
Undesignated	6,504,461	6,596,012
Board designated	561,815	508,834
	7,066,276	7,104,846
With donor restrictions	11,082,817	10,241,890
Total net assets	18,149,093	17,346,736
	<u>\$ 18,400,121</u>	<u>\$ 17,548,819</u>

See accompanying notes to financial statements.

SECOND HELPINGS, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	2024			2023 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue				
Gifts-in-kind rescued food	\$ 7,705,269	\$ -0-	\$ 7,705,269	\$ 7,071,871
Contributions and grants	2,404,238	217,130	2,621,368	3,175,187
Grants from government agencies - contributions	193,403	-0-	193,403	501,215
Special events	633,035	-0-	633,035	632,558
Gifts-in-kind special events	164,829	-0-	164,829	188,512
Gifts-in-kind operations	69,545	-0-	69,545	28,281
Fee income	8,465	-0-	8,465	5,410
Interest income	169,038	-0-	169,038	101,766
Other income	4,838	-0-	4,838	12,755
Net assets released from donor restrictions	<u>688,974</u>	<u>(688,974)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenue	12,041,634	(471,844)	11,569,790	11,717,555
Expenses				
Program services:				
Food Rescue	621,023	-0-	621,023	527,976
Hunger Relief	9,391,428	-0-	9,391,428	8,566,993
Job Training	<u>669,086</u>	<u>-0-</u>	<u>669,086</u>	<u>632,653</u>
Total program services	10,681,537	-0-	10,681,537	9,727,622
Supporting services:				
Management and general	520,422	-0-	520,422	508,134
Fundraising	<u>946,828</u>	<u>-0-</u>	<u>946,828</u>	<u>865,685</u>
Total expenses	<u>12,148,787</u>	<u>-0-</u>	<u>12,148,787</u>	<u>11,101,441</u>
Change in net assets from operations	(107,153)	(471,844)	(578,997)	616,114
Change in value of beneficial interest in assets held by others	<u>68,583</u>	<u>1,312,771</u>	<u>1,381,354</u>	<u>371,511</u>
Change in net assets	(38,570)	840,927	802,357	987,625
Net assets, beginning of year	<u>7,104,846</u>	<u>10,241,890</u>	<u>17,346,736</u>	<u>16,359,111</u>
Net assets, end of year	<u>\$ 7,066,276</u>	<u>\$ 11,082,817</u>	<u>\$ 18,149,093</u>	<u>\$ 17,346,736</u>

See accompanying notes to financial statements.

SECOND HELPINGS, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Gifts-in-kind rescued food	\$ 7,071,871	\$ -0-	\$ 7,071,871
Contributions and grants	2,640,187	535,000	3,175,187
Grants from government agencies - contributions	501,215	-0-	501,215
Special events	632,558	-0-	632,558
Gifts-in-kind special events	188,512	-0-	188,512
Gifts-in-kind operations	28,281	-0-	28,281
Fee income	5,410	-0-	5,410
Interest income	101,766	-0-	101,766
Other income	12,755	-0-	12,755
Net assets released from donor restrictions	<u>823,540</u>	<u>(823,540)</u>	<u>-0-</u>
Total support and revenue	12,006,095	(288,540)	11,717,555
Expenses			
Program services:			
Food Rescue	527,976	-0-	527,976
Hunger Relief	8,566,993	-0-	8,566,993
Job Training	<u>632,653</u>	<u>-0-</u>	<u>632,653</u>
Total program services	9,727,622	-0-	9,727,622
Supporting services:			
Management and general	508,134	-0-	508,134
Fundraising	<u>865,685</u>	<u>-0-</u>	<u>865,685</u>
Total expenses	<u>11,101,441</u>	<u>-0-</u>	<u>11,101,441</u>
Change in net assets from operations	904,654	(288,540)	616,114
Change in value of beneficial interest in assets held by others	<u>18,206</u>	<u>353,305</u>	<u>371,511</u>
Change in net assets	922,860	64,765	987,625
Net assets, beginning of year	<u>6,181,986</u>	<u>10,177,125</u>	<u>16,359,111</u>
Net assets, end of year	<u>\$ 7,104,846</u>	<u>\$ 10,241,890</u>	<u>\$ 17,346,736</u>

See accompanying notes to financial statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

	2024							2023	
	Program Services				Management and General	Fundraising	Total Expenses		Total Expenses
	Food Rescue	Hunger Relief	Job Training	Total					
Labor and benefits:									
Salaries	\$ 337,393	\$ 704,732	\$ 271,511	\$ 1,313,636	\$ 283,490	\$ 399,281	\$ 1,996,407	\$ 1,808,840	
Employee benefits	47,785	105,462	41,493	194,740	32,058	40,551	267,349	229,713	
Payroll taxes and expense	25,251	52,631	20,237	98,119	21,130	29,761	149,010	136,388	
Total labor and benefits	410,429	862,825	333,241	1,606,495	336,678	469,593	2,412,766	2,174,941	
Other expenses:									
Food donations to agencies	-0-	6,737,041	34,845	6,771,886	-0-	-0-	6,771,886	6,296,528	
Food spoilage and tare	-0-	935,110	26,197	961,307	-0-	-0-	961,307	756,726	
Special events	-0-	-0-	52	52	-0-	306,978	307,030	319,218	
Depreciation	59,664	117,585	30,569	207,818	6,603	7,801	222,222	191,181	
Utilities	22,639	52,100	16,146	90,885	6,498	7,441	104,824	117,731	
Program supplies	3,854	105,937	78,698	188,489	490	701	189,680	158,768	
Contract labor	-0-	321,606	-0-	321,606	-0-	-0-	321,606	374,777	
Repair and maintenance	18,690	92,938	17,099	128,727	4,250	4,597	137,574	114,809	
Professional fees	5,260	6,691	41,320	53,271	100,227	10,392	163,890	120,507	
Insurance	18,302	34,185	6,732	59,219	9,708	5,377	74,304	67,014	
Vehicle expenses	46,030	29,722	-0-	75,752	-0-	-0-	75,752	70,452	
Dues and subscriptions	100	71	1,432	1,603	12,578	1,208	15,389	14,491	
Awards and recognition	5,782	7,192	1,979	14,953	5,692	2,782	23,427	10,148	
Printing	5,545	17,665	5,278	28,488	3,874	23,119	55,481	38,230	
Telephone	3,729	6,112	2,088	11,929	1,949	1,990	15,868	19,603	
Trainee assistance and awards	-0-	-0-	26,096	26,096	-0-	-0-	26,096	18,416	
Public relations	428	979	17,061	18,468	552	13,574	32,594	29,108	
Travel and entertainment	1,979	2,572	5,190	9,741	11,676	3,163	24,580	31,071	
Security	4,618	10,759	3,370	18,747	1,438	1,516	21,701	19,431	
Bank and finance charges	-0-	-0-	-0-	-0-	3,540	27,103	30,643	25,363	
Postage	179	298	179	656	569	8,653	9,878	8,517	
Office supplies	868	1,410	639	2,917	583	852	4,352	4,302	
Kitchen equipment	2,151	7,351	843	10,345	-0-	-0-	10,345	10,484	
Computer and repairs	10,351	18,413	19,685	48,449	13,292	49,752	111,493	98,101	
Miscellaneous	425	22,866	347	23,638	225	236	24,099	11,524	
Total expenses	<u>\$ 621,023</u>	<u>\$ 9,391,428</u>	<u>\$ 669,086</u>	<u>\$ 10,681,537</u>	<u>\$ 520,422</u>	<u>\$ 946,828</u>	<u>\$ 12,148,787</u>	<u>\$ 11,101,441</u>	

See accompanying notes to financial statements.

SECOND HELPINGS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2023

	Program Services				Management and General	Fundraising	Total Expenses
	Food Rescue	Hunger Relief	Job Training	Total			
Labor and benefits							
Salaries	\$ 287,606	\$ 596,917	\$ 287,606	\$ 1,172,129	\$ 289,414	\$ 347,297	\$ 1,808,840
Employee benefits	41,388	85,176	32,981	159,545	34,927	35,241	229,713
Payroll taxes and expense	21,668	44,972	21,668	88,308	21,805	26,275	136,388
Total labor and benefits	350,662	727,065	342,255	1,419,982	346,146	408,813	2,174,941
Other expenses							
Food donations to agencies	-0-	6,265,061	31,467	6,296,528	-0-	-0-	6,296,528
Food spoilage and tare	-0-	738,887	17,839	756,726	-0-	-0-	756,726
Special events	-0-	-0-	-0-	-0-	-0-	319,218	319,218
Depreciation	42,942	111,043	24,565	178,550	5,366	7,265	191,181
Utilities	22,501	61,103	21,510	105,114	5,384	7,233	117,731
Program supplies	5,900	89,799	60,891	156,590	1,087	1,091	158,768
Contract labor	-0-	374,777	-0-	374,777	-0-	-0-	374,777
Repair and maintenance	16,050	67,614	23,342	107,006	3,588	4,215	114,809
Professional fees	3,224	6,608	31,069	40,901	71,152	8,454	120,507
Insurance	14,599	31,522	7,327	53,448	8,783	4,783	67,014
Vehicle expenses	47,808	22,144	-0-	69,952	500	-0-	70,452
Dues and subscriptions	166	101	1,978	2,245	11,508	738	14,491
Awards and recognition	745	2,488	490	3,723	5,881	544	10,148
Printing	3,774	8,993	4,040	16,807	3,566	17,857	38,230
Telephone	4,120	7,640	2,627	14,387	2,572	2,644	19,603
Trainee assistance and awards	-0-	-0-	18,416	18,416	-0-	-0-	18,416
Public relations	640	1,462	16,980	19,082	1,396	8,630	29,108
Travel and entertainment	707	4,297	2,046	7,050	21,247	2,774	31,071
Security	3,597	9,844	3,483	16,924	1,352	1,155	19,431
Bank and finance charges	-0-	-0-	-0-	-0-	2,976	22,387	25,363
Postage	313	642	277	1,232	195	7,090	8,517
Office supplies	483	1,113	835	2,431	1,315	556	4,302
Kitchen equipment	112	9,727	97	9,936	451	97	10,484
Computer and repairs	7,437	19,321	18,988	45,746	13,017	39,338	98,101
Miscellaneous	2,196	5,742	2,131	10,069	652	803	11,524
Total expenses	<u>\$ 527,976</u>	<u>\$ 8,566,993</u>	<u>\$ 632,653</u>	<u>\$ 9,727,622</u>	<u>\$ 508,134</u>	<u>\$ 865,685</u>	<u>\$ 11,101,441</u>

See accompanying notes to financial statements.

SECOND HELPINGS, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating activities		
Change in net assets	\$ 802,357	\$ 987,625
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	222,222	191,181
Change in value of beneficial interest in assets held by others	(1,381,354)	(371,511)
Loss on disposal of property and equipment	22,088	528
Changes in operating assets and liabilities:		
Accounts receivable	16,560	20,020
Grants and pledges receivable	143,765	(205,796)
Inventories	27,923	(18,616)
Prepaid expenses and other assets	18,904	(24,648)
Accounts payable	23,803	10,997
Accrued expenses and other liabilities	72,142	6,410
Deferred revenue	(47,000)	500
Net cash flows from operating activities	(78,590)	596,690
Investing activities		
Proceeds from sale of property and equipment	1,800	-0-
Purchase of property and equipment	(256,390)	(604,534)
Distributions from Central Indiana Community Foundation (CICF)	360,363	353,796
Transfer of funds to CICF	-0-	(5,579)
Net cash flows from investing activities	105,773	(256,317)
Net change in cash and cash equivalents	27,183	340,373
Cash and cash equivalents, beginning of year	3,666,857	3,326,484
Cash and cash equivalents, end of year	\$ 3,694,040	\$ 3,666,857

See accompanying notes to financial statements.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

1. NATURE OF ACTIVITIES

The mission of Second Helpings, Inc. (the Organization) is to address hunger today and build self-sufficiency to prevent hunger tomorrow. Since 1998, the Organization has accepted donated perishable and overstocked food to prepare 20 million nutritious meals for some of the most vulnerable in Greater Indianapolis, distributing them free of charge through local social service organizations in central Indiana. The Organization also trains unemployed and underemployed adults for meaningful careers in the culinary industry.

The total pounds of food rescued by the Organization were 3,740,422 and 3,432,947 for the years ended June 30, 2024 and 2023, respectively. The Organization distributed 1,259,611 and 1,139,577 meals for the years ended June 30, 2024 and 2023, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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 with donor restrictions are net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specific term with investment return available for operations or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the statement of activities by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support,

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

revenue, and expense during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value, and primarily consists of bank savings and money market savings accounts.

Accounts, Pledges and Grants Receivable

Accounts receivable (contract receivables) represent receivables for event sponsorships. Balances for accounts receivable as of July 1, 2022 were \$45,060.

Grants and pledges receivable consist of amounts unconditionally promised to the Organization by donors and amounts due to the Organization under costs reimbursement grants determined to be conditional contributions where conditions have been met.

Allowance for Credit Losses

Management provides for expected uncollectible amounts through a provision for credit loss expense and an adjustment to the allowance. The allowance for credit losses is estimated using a single risk pool and information relevant to assessing collectability, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts for conditions in the industry. Balances that are still outstanding after management has used reasonable collection efforts are individually evaluated and written off, as deemed necessary, through a charge to the allowance and a credit to accounts receivable. Management believes that accounts, grants and pledges receivable are fully collectible and accordingly, no allowance for credit losses was determined necessary at June 30, 2024 and 2023, respectively.

Inventories

Inventories consists of donated food received by the Organization and is valued as discussed in Note 11.

Property and Equipment

The Organization capitalizes all significant purchases of property and equipment at cost, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred.

Gifts of property and equipment are recorded as support at their estimated fair value. Such gifts are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose or stipulated how long those long-lived assets must be used. Absent donor restrictions on use and how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The Organization estimates the useful lives of its capitalized assets as follows:

<u>Description</u>	<u>Useful Lives</u>
Buildings and improvements	5 - 40 years
Furniture and equipment	5 - 15 years

Beneficial Interest in Assets Held by Others

The beneficial interest in assets held by others in the statements of financial position represents the Organization's interest in two designated endowment funds held at Central Indiana Community Foundation (CICF) (Note 5). This asset is increased with additional deposits by the Organization or by new contributions to the endowments, and is decreased by distributions from the endowments to the Organization. The change in value of beneficial interest in assets held by others in the statement of activities includes realized and unrealized gains and losses, dividends and interest, and administration and investments fees allocated to each fund by CICF.

Support and Revenue Recognition

The Organization recognizes contributions, including government grants, when cash, securities, or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Consequently, at June 30, 2024, contributions approximating \$331,800 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met. The Organization expects to recognize these contributions in future periods to the extent conditions have been met.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires entirely in the reporting period in which the contribution is recognized. All other support with donor restrictions and support without donor restrictions where payment or benefit is expected in a future period is reported as an increase in net assets with donor restrictions.

Government grants are generally received under multi-year contracts and are available to be spent over the term of the grant. Therefore, funds not spent in one year are available to be carried forward into the subsequent period until the grant term expires.

Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Sponsorship revenue for events are deferred and included in deferred revenue (contract liabilities) until the period in which the event is conducted, which is when the related performance obligation is fulfilled. Deferred revenue for events was \$70,000 as of July 1, 2022.

All other revenues are recorded when earned.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Functional Expenses

The cost of providing the programs and services of the Organization have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited based on the actual direct expenditures and cost allocations of indirect expenses based on time and the usage by personnel and programs. Expenses allocated include labor and benefits, depreciation, utilities, program supplies, repairs and maintenance, professional fees, insurance, and other office overhead. Although the methods used were appropriate, other methods could produce different results.

Income Taxes

The Organization is organized as a not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and similar state law. As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax and a corresponding state return, which are informational returns only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

The Organization has filed its federal and state income tax returns for periods through June 30, 2023. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Subsequent Events

The Organization evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 24, 2024, which is the date the financial statements were available to be issued.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

3. GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 277,377	\$ 396,142
One to five years	125,000	160,000
More than five years	10,000	-0-
	<u>\$ 412,377</u>	<u>\$ 556,142</u>

An allowance to record the pledges receivable to net present value is not material and has not been recorded in the accompanying financial statements.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 411,785	\$ 411,785
Buildings and improvements	3,161,665	2,834,572
Furniture and equipment	1,504,572	1,436,121
Construction in process	<u>22,959</u>	<u>222,886</u>
	5,100,981	4,905,364
Accumulated depreciation	<u>(2,273,381)</u>	<u>(2,088,044)</u>
	<u>\$ 2,827,600</u>	<u>\$ 2,817,320</u>

5. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has established two designated endowment funds with Central Indiana Community Foundation (CICF) and is the beneficiary of the funds holding those assets. The purpose of such funds is to provide support to the Organization.

Annual earnings are allocated to each fund and a portion of the fund balance is available for distribution during the succeeding year in accordance with the spending policy adopted by the Organization (Note 8).

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

The fair values of the designated funds, as reported by CICF, are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Lilly endowment fund	\$ 10,709,138	\$ 9,741,128
Legacy fund	<u>561,815</u>	<u>508,834</u>
	<u>\$ 11,270,953</u>	<u>\$ 10,249,962</u>

The portions of these funds that were restricted by donors are reflected as part of net assets with donor restrictions in the statements of financial position. The Organization's funds without donor restrictions that were irrevocably transferred to these funds as part of the Organization's endowment are reflected as without donor restrictions in the statements of financial position. Unappropriated earnings or cumulative deficits of these funds are classified as with donor restrictions or without donor restrictions, as applicable.

6. LINE OF CREDIT

The Organization has \$640,000 of available borrowings under a line of credit with a bank which is subject to renewal in March 2025. Borrowings under this facility bear interest at the Term Secured Overnight Financing Rate (SOFR) administered by the Federal Reserve Bank of New York plus 2.85% (8.19% at June 30, 2024), with a floor of 3.5% per annum. Borrowings are secured by substantially all assets of the Organization. There were no borrowings under the line of credit at June 30, 2024 and 2023.

7. NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Hunger Relief	\$ 120,000	\$ 375,000
Job Training	40,000	75,762
Ken Honeywell Continuing Education fund	63,679	-0-
Subject to Passage of Time:		
For future periods	150,000	50,000
Endowment:		
General operations	<u>10,709,138</u>	<u>9,741,128</u>
	<u>\$ 11,082,817</u>	<u>\$ 10,241,890</u>

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the years ended June 30:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Hunger Relief	\$ 255,000	\$ 225,000
Job Training	35,762	21,997
Ken Honeywell Continuing Education fund	3,451	-0-
Capital Project	-0-	187,500
Subject to Passage of Time:		
For future periods	50,000	50,000
Endowment:		
General operations	<u>344,761</u>	<u>339,043</u>
	<u>\$ 688,974</u>	<u>\$ 823,540</u>

8. ENDOWMENT

The Organization's endowment consists of two individual funds held by CICF (Note 5) established to provide support to the Organization. The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Board of Directors of the Organization has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment fund, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measure required under law. Additionally, in accordance with

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. There were no funds with deficiencies as of June 30, 2024 and 2023.

Return Objectives and Risk Parameters

The Board of Directors of the Organization has adopted CICF's investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on the total return strategy of CICF, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (dividends and interest).

Spending Policy and How the Investment Objectives Relate 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 funds balance on a valuation date is equal to or less than the historic gift value, the maximum spending from the endowment funds for the next fiscal year shall be 2% of the endowment funds balance. This maximum spending limit shall continue until the endowment funds balance on a future valuation date exceeds the historic gift value.

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

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

endowment funds balance on the valuation date over the historic gift value or 2% of the endowment funds balance on the valuation date.

The composition of endowment net assets is as follows at June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
	Board designated endowment funds	\$ 561,815	\$ -0-
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity	-0-	6,877,140	6,877,140
Accumulated investment gains	-0-	3,831,998	3,831,998
	\$ 561,815	\$ 10,709,138	\$ 11,270,953
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
	Board designated endowment funds	\$ 508,834	\$ -0-
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity	-0-	6,877,140	6,877,140
Accumulated investment gains	-0-	2,863,988	2,863,988
	\$ 508,834	\$ 9,741,128	\$ 10,249,962

The change in endowment net assets is as follows for the years ended June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
	Endowment net assets, beginning of year	\$ 508,834	\$ 9,741,128
Change in value of beneficial interest in assets held by others	68,583	1,312,771	1,381,354
Appropriation of endowment assets pursuant to spending rate policy	(15,602)	(344,761)	(360,363)
Endowment net assets, end of year	\$ 561,815	\$ 10,709,138	\$ 11,270,953

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 499,802	\$ 9,726,866	\$ 10,226,668
Contributions	5,579	-0-	5,579
Change in value of beneficial interest in assets held by others	18,206	353,305	371,511
Appropriation of endowment assets pursuant to spending rate policy	(14,753)	(339,043)	(353,796)
Endowment net assets, end of year	\$ 508,834	\$ 9,741,128	\$ 10,249,962

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Organization's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date; that is, amounts that are without donor restrictions limiting their use at June 30:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 3,694,040	\$ 3,666,857
Accounts receivable	8,480	25,040
Grants and pledges receivable	412,377	556,142
Beneficial interest in assets held by others	11,270,953	10,249,962
Total financial assets	15,385,850	14,498,001
Long-term portion of accounts receivable	-0-	(20,000)
Donor-imposed restrictions		
Purpose and time restrictions	(373,679)	(500,762)
Endowment funds	(10,709,138)	(9,741,128)
Board designated net assets	(561,815)	(508,834)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,741,218	\$ 3,727,277

The Organization is primarily supported by contributions and grants. Donor restrictions require resources to be used in a particular manner or in a future period and 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. In the event of an unanticipated liquidity need, the Organization has available borrowings of \$640,000 through a line of credit (Note 6).

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Because endowments exist in perpetuity, the Organization may only spend from its endowment in accordance with its spending policy (Note 8).

10. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the assets or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The valuation methodology used for the beneficial interest in assets held by others includes valuing at the fair value as reported by CICF, which represents the Organization's pro rata interest in the pooled investments held by CICF, substantially all of which are valued on a mark-to-market basis. The beneficial interest in assets held by others is considered to be valued using Level 3 inputs in the fair value hierarchy.

The preceding method described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The Organization's beneficial interest in assets held by others are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these assets and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

The following table sets forth the change in beneficial interest in assets held by others measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 10,249,962	\$ 10,226,668
Deposits	-0-	5,579
Dividends and interest, net of investment management fees	53,505	52,757
Realized gains	529,800	320,355
Unrealized gains	842,884	41,587
Operating support fees	(44,835)	(43,188)
Distributions	<u>(360,363)</u>	<u>(353,796)</u>
Balance, end of year	<u>\$ 11,270,953</u>	<u>\$ 10,249,962</u>

11. CONTRIBUTED NONFINANCIAL ASSETS

Contributions of nonfinancial assets, also known as gifts-in-kind (GIK), recognized in the statement of activities include the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Utilized in programs:		
Rescued food	\$ 7,705,269	\$ 7,071,871
Supplies and services	<u>69,545</u>	<u>28,281</u>
	7,774,814	7,100,152
Special events supplies and services	<u>164,829</u>	<u>188,512</u>
	<u>\$ 7,939,643</u>	<u>\$ 7,288,664</u>

Rescued food utilized in the Organization's programs are valued on a per pound basis using benchmarks from national food distribution organizations. Supplies and services utilized in the Organization's programs and special events are valued at their estimated fair market value (what would be paid for such items if purchased). All GIK are unrestricted during fiscal 2024 and 2023.

Substantially all the Organization's GIK utilized in programs are allocated to Hunger Relief.

SECOND HELPINGS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

12. RETIREMENT PLAN

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 \$38,161 and \$35,469 for the years ended June 30, 2024 and 2023, respectively.

13. CONCENTRATIONS

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents primarily in two banks which regularly exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Funding Concentrations

At June 30, 2024 and for the year then ended, 78% of grants and pledges receivable were from three grantors, with individual percentages ranging from 12% to 36%, and 68% of grant revenues were from four donors, with individual percentages ranging from 15% to 22%.

At June 30, 2023 and for the year then ended, 76% of grants and pledges receivable were from two grantors, with individual percentages of 11% and 65%, and 51% of grant revenues were from two donors, with individual percentages of 25% and 26%. Grant revenues represent 13% of total public support and revenues.