

**SECOND HELPINGS
ATLANTA, INC.
FINANCIAL REPORT
DECEMBER 31, 2022**

SECOND HELPINGS ATLANTA, INC.

**FINANCIAL REPORT
DECEMBER 31, 2022**

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT.....1 and 2

FINANCIAL STATEMENTS

Statements of financial position 3

Statements of activities4 and 5

Statements of functional expenses6 and 7

Statements of cash flows 8

Notes to financial statements.....9-14



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Second Helpings Atlanta, Inc.
Atlanta, Georgia**

Opinion

We have audited the accompanying financial statements of **Second Helpings Atlanta, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Second Helpings Atlanta, Inc. as of December 31, 2022 and 2021, 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 Second Helpings Atlanta, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that 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 Second Helpings Atlanta, Inc.'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, including omissions, 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 Second Helpings Atlanta, Inc.'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 Second Helpings Atlanta, Inc.'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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 15, 2023

SECOND HELPINGS ATLANTA, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 1,414,576	\$ 1,083,149
Accounts receivable	11,704	26,468
Right-of-use assets	33,344	66,518
Prepaid expenses	-	2,398
Security deposit	80,000	-
Property and equipment, net	<u>44,469</u>	<u>52,601</u>
Total assets	<u>\$ 1,584,093</u>	<u>\$ 1,231,134</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Operating lease liability	\$ 34,275	\$ 66,518
Accounts payable	5,419	1,452
Accrued payroll	19,339	6,573
Deferred revenue	<u>-</u>	<u>18,600</u>
Total liabilities	<u>59,033</u>	<u>93,143</u>
Net assets		
Without donor restrictions	1,291,307	1,060,491
With donor restrictions	<u>233,753</u>	<u>77,500</u>
Total net assets	<u>1,525,060</u>	<u>1,137,991</u>
Total liabilities and net assets	<u>\$ 1,584,093</u>	<u>\$ 1,231,134</u>

See Notes to Financial Statements.

SECOND HELPINGS ATLANTA, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contribution and grant revenue	\$ 587,240	\$ 247,753	\$ 834,993
Fundraising event revenue	395,115	-	395,115
In-kind contributions	9,061,115	-	9,061,115
Other revenue	50,536	-	50,536
Total support	<u>10,094,006</u>	<u>247,753</u>	<u>10,341,759</u>
Net assets released from restrictions	91,500	(91,500)	-
Total revenue, gains, and other support	<u>10,185,506</u>	<u>156,253</u>	<u>10,341,759</u>
Expenses:			
Program services	9,537,354	-	9,537,354
Supporting services			
General and administrative expenses	138,393	-	138,393
Fundraising	278,943	-	278,943
Total expenses	<u>9,954,690</u>	<u>-</u>	<u>9,954,690</u>
Change in net assets	230,816	156,253	387,069
Net assets, beginning of year	<u>1,060,491</u>	<u>77,500</u>	<u>1,137,991</u>
Net assets, end of year	<u><u>\$ 1,291,307</u></u>	<u><u>\$ 233,753</u></u>	<u><u>\$ 1,525,060</u></u>

See Notes to Financial Statements.

SECOND HELPINGS ATLANTA, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contribution and grant revenue	\$ 773,379	\$ 58,500	\$ 831,879
Contribution - PPP loan forgiveness	64,052	-	64,052
Fundraising event revenue	143,285	-	143,285
In-kind food contributions	6,840,247	-	6,840,247
Other revenue	53,803	-	53,803
Total support	7,874,766	58,500	7,933,266
 Net assets released from restrictions	 99,740	 (99,740)	 -
Total revenue, gains, and other support	7,974,506	(41,240)	7,933,266
 Expenses:			
Program services	7,330,330	-	7,330,330
Supporting services			
General and administrative expenses	114,769	-	114,769
Fundraising	155,553	-	155,553
Total expenses	7,600,652	-	7,600,652
 Change in net assets	 373,854	 (41,240)	 332,614
 Net assets, beginning of year	 686,637	 118,740	 805,377
 Net assets, end of year	 \$ 1,060,491	 \$ 77,500	 \$ 1,137,991

See Notes to Financial Statements.

SECOND HELPINGS ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
In-kind food donations	\$ 9,051,015	\$ -	\$ -	\$ 9,051,015
Payroll expenses	329,947	83,824	136,247	550,018
Fundraising event expenses	-	-	95,764	95,764
Truck expenses	78,033	5	-	78,038
Operations	39,949	13,113	3,686	56,748
Technology	14,649	6,582	15,499	36,730
Community relations	3,587	1,130	26,354	31,071
Professional fees	-	26,245	1,300	27,545
Depreciation	13,372	-	-	13,372
Insurance	4,468	3,113	-	7,581
Other expenses	1,116	3,484	93	4,693
Volunteers	1,218	897	-	2,115
Total expenses	\$ 9,537,354	\$ 138,393	\$ 278,943	\$ 9,954,690

See Notes to Financial Statements.

SECOND HELPINGS ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
In-kind food donations	\$ 6,840,247	\$ -	\$ -	\$ 6,840,247
Payroll expenses	264,472	58,741	113,178	436,391
Program supplies	135,526	-	-	135,526
Truck expenses	54,937	-	-	54,937
Community relations	-	3,329	31,962	35,291
Operations	10,429	10,830	4,299	25,558
Insurance	2,940	14,979	660	18,579
Technology	5,068	9,793	3,375	18,236
Professional fees	-	14,827	-	14,827
Depreciation	11,970	-	-	11,970
Other expenses	2,968	2,270	2,079	7,317
Volunteers	1,773	-	-	1,773
Total expenses	\$ 7,330,330	\$ 114,769	\$ 155,553	\$ 7,600,652

See Notes to Financial Statements.

SECOND HELPINGS ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	<u>\$ 387,069</u>	<u>\$ 332,614</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Contribution - PPP loan forgiveness	-	(64,052)
Depreciation	13,372	11,970
Changes in assets and liabilities		
Decrease in accounts receivable	14,764	78,813
Decrease in unconditional promises to give	-	75,000
Decrease in right-of-use asset	33,174	-
(Increase) in prepaid expenses	(77,602)	(2,398)
(Decrease) in lease liability	(32,243)	-
Increase (decrease) in accounts payable	3,967	(435)
Increase in accrued payroll	12,766	5,791
(Decrease) increase in deferred revenue	<u>(18,600)</u>	<u>18,600</u>
Net cash provided by operating activities	<u>336,667</u>	<u>455,903</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(5,240)</u>	<u>(10,256)</u>
Net cash used in investing activities	<u>(5,240)</u>	<u>(10,256)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of note payable - PPP	<u>-</u>	<u>(4,648)</u>
Net cash (used in) financing activities	<u>-</u>	<u>(4,648)</u>
Net increase in cash	331,427	440,999
Cash, beginning of year	<u>1,083,149</u>	<u>642,150</u>
Cash, end of year	<u><u>\$ 1,414,576</u></u>	<u><u>\$ 1,083,149</u></u>

See Notes to Financial Statements.

SECOND HELPINGS ATLANTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

Second Helpings Atlanta, Inc. (the “Organization”) was incorporated as a Georgia nonprofit corporation in March 2011. The Organization serves a five-county area in Metropolitan Atlanta by rescuing surplus food and delivering it to those in need. With a team of over 400 volunteers, the Organization serves as the link between a network of more than 100 food donors and 115 front-line food assistance partner agencies who feed the hungry on a daily basis.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues are recognized when earned, and expenses are recognized when incurred.

Cash and cash equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. At December 31, 2022 and 2021 there were no cash equivalents.

Property and equipment

The Organization has established \$1,000 as the threshold amount for capitalization. Tangible assets below this threshold will be recorded as expenses in the year purchased. Property and equipment are carried at cost less accumulated depreciation. Donated property and equipment are carried at approximate fair value as of the date of donation. Depreciation is provided under the straight-line method over the estimated useful lives of depreciable assets. The useful lives of the vehicles and equipment are 5 years.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were \$233,753 and \$77,500 in net assets with donor restrictions at December 31, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated goods and services

Contributed goods and services are recognized if they create or enhance nonfinancial assets or if they require specialized skills and would typically be purchased if not provided by donation. For the years ended December 31, 2022 and 2021, management estimated the value of donated food at \$1.92 and \$1.79 per pound, respectively, based on the estimated average fair value of one pound of donated food product per the most recent Feeding America financial report. The Organization received in kind food donations totaling \$9,051,015 and \$6,840,247, for the years ended December 31, 2022 and 2021, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization but that are not reflected in the financial statements because the criteria for recognition of such efforts under GAAP have not been satisfied.

Gifts, contributions, and grants

The Organization records contributions upon receipt of an unconditional promise to pay, less an allowance for uncollectible amounts. Gifts, bequests, and other promises or receipts restricted by donors as to use or time period are recorded as net assets with donor restriction until used in the manner designated or upon expiration of the time period. However, restricted contributions whose restriction is satisfied in the same year of the donation are recorded as contributions without restrictions in the statement of activities. Donated property and equipment are recorded at fair market value on the date received as net assets with or without donor restriction, based on the donor's intent. When the assets are used for their intended purposes, the applicable amount is transferred to net assets without donor restriction. Contributions without donor restriction received are recorded as contribution revenue. Accounts receivable consist largely of payments made via third party that have not been received.

Deferred revenue

The Organization hosted a fundraising event entitled Full Hearts Full Plates in 2022. Part of these funds were recognized as deferred revenues as they related to deferred exchange revenue earned in 2022 when the event took place. Deferred revenue balance was \$- and \$18,600 as of December 31, 2022 and 2021, respectively.

Estimates

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Management's estimate of the functional allocation of certain expenses is based on management judgement and experience.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional allocation of expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and statements of functional expenses. Directly identifiable expenses, such as program supplies and in-kind food donations, are charged to programs and supporting services. Furthermore, all other costs have been allocated among the programs and supporting services benefited as required by FASB's *Not-for-Profit* presentation and disclosure guidance. Payroll expenses and payroll taxes are allocated based on the position and the percentage of time that the position supports program, administration, and/or fundraising for the Organization.

Income taxes

Second Helpings Atlanta, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization is not required to pay federal taxes on income, and contributions to the Organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax-exempt status.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Organization's returns in progress.

Recent accounting pronouncements

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. For the year ending December 31, 2022, the Organization adopted ASU 2020-07 and has adjusted the presentation in these financial statements accordingly. This adjustment did not have an effect on total net assets or the change in total net assets for 2022 or 2021.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on all of the Organization's lease obligations. The Organization adopted ASU 2016-02 and has adjusted the presentation in these financial statements accordingly. This adjustment did not have an effect on total net assets or the change in total net assets for 2022 or 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations:

	<u>2022</u>	<u>2021</u>
Cash and restricted cash	\$ 1,414,576	\$ 1,083,149
Accounts receivable	<u>11,704</u>	<u>26,468</u>
Total financial assets	<u>1,426,280</u>	1,109,617
Donor-imposed restrictions:		
Cash restricted by donor intention	<u>(233,753)</u>	<u>(77,500)</u>
	<u>\$ 1,192,527</u>	<u>\$ 1,032,117</u>

Cash and restricted promises to give are released when the donor restriction is satisfied.

NOTE 4. CONCENTRATIONS

A concentration for purposes of the Organization is considered to be a total contribution from one contributor that exceeds 10% of revenues for a given fiscal year. For the year ended December 31, 2022, approximately 67% of total revenue was from three contributors. For the year ended December 31, 2021, approximately 16% of total revenue was from one contributor. All revenue noted above is included as in-kind contributions on the statement of activities for the years ended December 31, 2022 and 2021, respectively.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Trucks	\$ 64,315	\$ 64,315
Equipment	<u>15,496</u>	<u>10,256</u>
	79,811	74,571
Less accumulated depreciation	<u>(35,342)</u>	<u>(21,970)</u>
	<u>\$ 44,469</u>	<u>\$ 52,601</u>

Depreciation expense was \$13,372 and \$11,970 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6. NOTE PAYABLE - PPP

In May 2020, Second Helpings Atlanta, Inc. entered into a note payable agreement in the amount of \$68,700 with the Small Business Administration (SBA) through the Paycheck Protection Program provision created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The note payable is designed to provide loan forgiveness for small business' retaining employees. The note bears interest at 1% and matures in May 2022. Per the terms of the note payable, the first 10 months after the end of the current period of principal and interest payments are deferred, with interest accruing, then converting to monthly principal and interest payments, amortized over 14 months, with all remaining unpaid principal and accrued interest due and payable 24 months from the date of the note. Second Helpings Atlanta, Inc. applied for and received loan forgiveness in 2021 for \$64,052. The remaining note was repaid in the amount of \$4,648.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. RESTRICTED NET ASSETS

Net assets with donor restrictions were available for the following donor restricted purposes:

	2022	2021
Subject to expenditure for specific purpose:		
Truck purchase	\$ 146,989	\$ 77,500
Information technology	86,764	-
	\$ 233,753	\$ 77,500

Net assets with donor restrictions as of December 31, 2022 and 2021 consisted of cash.

NOTE 8. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions (by incurring expenses satisfying the restricted purpose specified by donors) for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Vehicle maintenance	\$ 11,500	\$ 18,981
Truck purchase	80,000	-
Information technology	-	4,089
Volunteer recruitment and retention	-	918
Youth engagement programming	-	25,000
Other	-	752
Passage of time	-	50,000
	\$ 91,500	\$ 99,740

NOTE 9. LEASES

The Organization leases office space and cold storage under a non-cancelable operating lease. The lease contains no significant restrictions. The lease provides for a flat rate over the lease term from October 1, 2021 through December 31, 2023. The lease was amended in 2022 to increase the rental rates for additional space. In the year ended December 31, 2022, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of the right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Organization used the rate for a standard U.S. Treasury Bill (0.5%) as of January 2022 as the discount rate in order to determine present value. The following is a schedule by years of minimum future rentals on the operating lease and the amortization of the net present value (NPV) of the lease liability as of December 31, 2022.

	Minimum annual lease payments	Amortization of NPV of lease liability
2023	\$ 34,368	\$ 34,275

NOTES TO FINANCIAL STATEMENTS

NOTE 10. IN-KIND CONTRIBUTIONS

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

<u>Type</u>	<u>2022</u>	<u>2021</u>	<u>Usage</u>
Food	\$ 9,051,015	\$ 6,840,247	Program support
Website development	10,100	-	Business administration and program support
	<u>\$ 9,061,115</u>	<u>\$ 6,840,247</u>	

The Organization recognized contributed nonfinancial assets within revenue. For the years ending December 31, 2022 and 2021, all in-kind donations were received without donor restrictions.

Contributed food was valued using the estimated average fair value of one pound of donated food product per the most recent Feeding America financial report. Website development was valued using estimated average prices of identical or similar services using pricing data of similar services under a “like-kind” methodology, considering the utility of the services at the time of the contribution.

NOTE 11. COMMITMENTS AND CONTINGENCIES

In fiscal year 2022, the Organization signed a contract to purchase a truck for operational use. The total purchase price of the truck is \$170,632 and is expected to be received in 2023. As of December 31, 2022, the Organization had paid a deposit of \$80,000. The remaining \$90,632 is expected to be paid upon receipt.

NOTE 12. SUBSEQUENT EVENTS

Management has evaluated events through May 15, 2023, the date on which the financial statements were available to be issued.