



MAULDIN & JENKINS

CPAs & ADVISORS

**SECOND HELPINGS
ATLANTA, INC.**

FINANCIAL REPORT

DECEMBER 31, 2023

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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, 2023 and 2022, 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, 2023 and 2022, 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
March 19, 2024

SECOND HELPINGS ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash	\$ 1,521,466	\$ 1,414,576
Accounts receivable	64,100	11,704
Right-of-use assets	98,013	33,344
Prepaid expenses	7,914	-
Property and equipment, net	228,170	44,469
Other asset	-	80,000
	1,919,663	1,584,093
Total assets	\$ 1,919,663	\$ 1,584,093
LIABILITIES AND NET ASSETS		
Liabilities		
Operating lease liability	\$ 98,236	\$ 34,275
Accounts payable and accrued expenses	7,439	24,758
	105,675	59,033
Total liabilities	105,675	59,033
Net assets		
Without donor restrictions	1,626,004	1,291,307
With donor restrictions	187,984	233,753
	1,813,988	1,525,060
Total net assets	1,813,988	1,525,060
Total liabilities and net assets	\$ 1,919,663	\$ 1,584,093

See Notes to Financial Statements.

SECOND HELPINGS ATLANTA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
In-kind contributions	\$ 11,202,077	\$ -	\$ 11,202,077
Contribution and grant revenue	1,085,801	112,149	1,197,950
Other revenue	61,989	-	61,989
Fundraising event revenue	23,610	-	23,610
Interest income	21,960	-	21,960
Total support	<u>12,395,437</u>	<u>112,149</u>	<u>12,507,586</u>
 Net assets released from restrictions	 157,918	 (157,918)	 -
Total revenue, gains, and other support	<u>12,553,355</u>	<u>(45,769)</u>	<u>12,507,586</u>
 Expenses:			
Program services	11,770,816	-	11,770,816
Supporting services			
General and administrative expenses	189,505	-	189,505
Fundraising	258,337	-	258,337
Total expenses	<u>12,218,658</u>	<u>-</u>	<u>12,218,658</u>
 Change in net assets	 334,697	 (45,769)	 288,928
 Net assets, beginning of year	 <u>1,291,307</u>	 <u>233,753</u>	 <u>1,525,060</u>
 Net assets, end of year	 <u>\$ 1,626,004</u>	 <u>\$ 187,984</u>	 <u>\$ 1,813,988</u>

See Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
In-kind food contributions	\$ 9,061,115	\$ -	\$ 9,061,115
Contribution and grant revenue	587,240	247,753	834,993
Fundraising event revenue	395,115	-	395,115
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>\$ 1,291,307</u>	<u>\$ 233,753</u>	<u>\$ 1,525,060</u>

See Notes to Financial Statements.

SECOND HELPINGS ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
In-kind food donations	\$ 11,202,077	\$ -	\$ -	\$ 11,202,077
Payroll expenses	420,423	103,875	139,607	663,905
Professional fees	-	35,320	58,360	93,680
Truck expenses	82,609	368	-	82,977
Operations	35,778	9,262	6,920	51,960
Technology	5,590	17,798	15,619	39,007
Community relations	-	1,012	26,660	27,672
Depreciation	22,909	-	-	22,909
Other expenses	1,430	6,489	6,325	14,244
Fundraising event expenses	-	7,808	4,846	12,654
Insurance	-	7,573	-	7,573
Total expenses	\$ 11,770,816	\$ 189,505	\$ 258,337	\$ 12,218,658

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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	<u>\$ 288,928</u>	<u>\$ 387,069</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	22,909	13,372
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(52,396)	14,764
(Increase) decrease in right-of-use asset	(64,669)	33,174
(Increase) decrease in prepaid expenses	(7,914)	2,398
Increase (decrease) in lease liability	63,961	(32,243)
(Decrease) increase in accounts payable and accrued expenses	(17,319)	16,733
(Decrease) in deferred revenue	<u>-</u>	<u>(18,600)</u>
Net cash provided by operating activities	<u>233,500</u>	<u>416,667</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(126,610)	(5,240)
Advance on purchase of property and equipment	<u>-</u>	<u>(80,000)</u>
Net cash used in investing activities	<u>(126,610)</u>	<u>(85,240)</u>
Net increase in cash	106,890	331,427
Cash, beginning of year	<u>1,414,576</u>	<u>1,083,149</u>
Cash, end of year	<u>\$ 1,521,466</u>	<u>\$ 1,414,576</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 10-county area in Metropolitan Atlanta by rescuing surplus food and delivering it to those in need. With a team of over 994 volunteers, the Organization serves as the link between a network of more than 107 food donors and 123 front-line non-profit 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, 2023 and 2022 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 \$187,984 and \$233,753 in net assets with donor restrictions at December 31, 2023 and 2022, 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, 2023 and 2022, management estimated the value of donated food at \$1.93 and \$1.92 per pound, respectively, based on the estimated average fair value of one pound of donated food product per Feeding America's June 30, 2023 financial report. The Organization received in kind food donations totaling \$11,202,077 and \$9,061,115, for the years ended December 31, 2023 and 2022, 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.

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.

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, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash and restricted cash	\$ 1,521,466	\$ 1,414,576
Accounts receivable	64,100	11,704
Total financial assets	<u>1,585,566</u>	1,426,280
Donor-imposed restrictions:		
Cash restricted by donor intention	<u>(187,984)</u>	<u>(233,753)</u>
	<u>\$ 1,397,582</u>	<u>\$ 1,192,527</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CONCENTRATIONS

A concentration for purposes of the Organization is considered to be a total contribution from a single donor source that exceeds 10% of major revenue type for that revenue type in any given fiscal year. The following tables summarize concentrations for the years ended December 31.

	2023		
	Number of Donors	Aggregate Revenue	Percentage
In-kind food contributions	3	\$ 8,572,630	77%
Contribution and grant revenue	1	300,000	25%
	2022		
	Number of Donors	Aggregate Revenue	Percentage
In-kind food contributions	3	\$ 6,875,013	76%
Contribution and grant revenue	1	150,000	18%
Fundraising events	2	100,000	25%

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 is summarized as follows:

	2023	2022
Trucks	\$ 255,042	\$ 64,315
Equipment	31,379	15,496
	286,421	79,811
Less accumulated depreciation	(58,251)	(35,342)
	\$ 228,170	\$ 44,469

Depreciation expense was \$22,909 and \$13,372 for the years ended December 31, 2023 and 2022, respectively.

NOTE 6. RESTRICTED NET ASSETS

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

	2023	2022
Subject to expenditure for specific purpose:		
Truck purchase	\$ 36,262	\$ 146,989
Information technology	66,904	86,764
Vehicle operating expense	1,621	-
Warehouse equipment	83,197	-
	\$ 187,984	\$ 233,753

Net assets with donor restrictions as of December 31, 2023 and 2022 consisted of cash.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. 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, 2023 and 2022 were as follows:

	2023	2022
Vehicle maintenance	\$ 10,528	\$ 11,500
Truck purchase	110,727	80,000
Information technology	19,860	-
Warehouse equipment	16,803	-
	\$ 157,918	\$ 91,500

NOTE 8. LEASES

The Organization leases office space and cold storage under an 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.

In July 2023, the Organization terminated the lease early and entered into a lease agreement for the office space and cold storage under an operating lease. The lease contains no significant restrictions. The lease provides an incremental rate over the lease term from August 1, 2023 through July 14, 2026.

The Organization used the rate for a standard three-year U.S. Treasury Bill (4.6%) as of August 1, 2023 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, 2023.

	Minimum annual lease payments	Amortization of NPV of lease liability
2024	\$ 40,095	\$ 36,510
2025	41,196	39,343
2026	22,617	22,383
	\$ 103,908	\$ 98,236

NOTES TO FINANCIAL STATEMENTS

NOTE 9. IN-KIND CONTRIBUTIONS

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

<u>Type</u>	<u>2023</u>	<u>2022</u>	<u>Usage</u>
Food	\$ 11,202,077	\$ 9,051,015	Program support
Website development	-	10,100	Business administration and program support
	<u>\$ 11,202,077</u>	<u>\$ 9,061,115</u>	

The Organization recognized contributed nonfinancial assets within revenue. For the years ended December 31, 2023 and 2022, 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 Feeding America's June 30, 2023 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 10. SUBSEQUENT EVENTS

Management has evaluated events through March 19, 2024, the date on which the financial statements were available to be issued.