

**THE COMMUNITY SOUP KITCHEN, INCORPORATED**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**The Community Soup Kitchen, Incorporated**  
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**Year Ended December 31, 2020**

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**MICHAEL J. PAOLINI**  
**CERTIFIED PUBLIC ACCOUNTANT**

174 CHERRY STREET  
MILFORD, CONNECTICUT 06460  
(203) 876-0445 • FAX (203) 874-7498

**-INDEPENDENT AUDITOR'S REPORT-**

The Board of Directors  
The Community Soup Kitchen, Incorporated  
New Haven, Connecticut

I have audited the accompanying financial statements of The Community Soup Kitchen, Incorporated, (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Soup Kitchen, Incorporated as of December 31, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



CPA

Milford, Connecticut  
June 3, 2021

**The Community Soup Kitchen, Incorporated**  
**Statement of Financial Position**  
**December 31, 2020**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$226,121
Investments	304,754
Grants Receivable, Less Allowance for Doubtful Accounts of -0-	50,000
Prepaid Expense	<u>5,595</u>

Total Current Assets \$586,470

Property and Equipment

Leasehold Improvements	198,726
Furniture and Fixtures	46,666
Office Equipment	1,174
Vehicles	<u>35,087</u>
Total Property and Equipment	281,653
Less: Accumulated Depreciation	<u>106,121</u>

Net Property and Equipment 175,532

Total Assets \$762,002

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Current Liabilities

Accounts Payable and Accrued Expenses	\$22,592
Deferred Revenue	<u>60,417</u>

Total Current Liabilities \$83,009

**NET ASSETS**

Net Assets

Without Donor Restrictions 678,993

Total Net Assets 678,993

Total Liabilities and Net Assets \$762,002

-See Independent Auditor's Report and Notes to the Financial Statements-

**The Community Soup Kitchen, Incorporated**  
**Statement of Activities**  
**Year Ended December 31, 2020**

**Changes in Net Assets Without Donor Restrictions:**

Revenue and Gains		
Contributions	\$914,520	
Fundraising	3,765	
Gain on Sale of Fixed Assets	1,500	
Investment	<u>231</u>	
 Total Revenues and Gains Without Donor Restrictions		 \$920,016

**Expenses and Losses Without Donor Restrictions:**

Program Services	603,711	
Management and General	51,168	
Fundraising	<u>16,116</u>	
 Total Expenses and Losses Without Donor Restrictions		 <u>670,995</u>

**Operating Revenues and Gains in Excess  
of Operating Expenses and Losses** 249,021

**Other Items (considered to be non-operating)**

Investment Returns, Net	<u>47,385</u>	
 Total Other Items		 <u>47,385</u>

Increase in Net Assets Without Donor Restrictions 296,406

**Net Assets, January 1, 2020** 382,587

**Net Assets, December 31, 2020** \$678,993

-See Independent Auditor's Report and Notes to the Financial Statements-

**The Community Soup Kitchen, Incorporated**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

<b>Functional Expenses</b>	<b><u>Supporting Services</u></b>			<b><u>Total</u></b>
	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	
Food	\$340,444	-	-	\$340,444
Salaries	141,068	\$19,916	\$4,979	165,963
Kitchen Supplies	15,566	-	-	15,566
Outside Labor	3,750	-	-	3,750
Professional Fees	3,000	1,000	-	4,000
Consultants	3,850	24,875	-	28,725
Insurance - General	17,735	-	-	17,735
Payroll Taxes	12,581	1,776	444	14,801
Employee Benefits	19,934	2,814	704	23,452
Payroll Service Fees	3,988	704	-	4,692
Bank Fees	187	33	-	220
Depreciation	10,813	-	-	10,813
Transportation	1,267	-	-	1,267
Filing Fees	-	50	-	50
Fundraising	-	-	9,989	9,989
Occupancy	19,200	-	-	19,200
Repairs and Maintenance	5,278	-	-	5,278
Storage	4,500	-	-	4,500
Telephone	<u>550</u>	<u>-</u>	<u>-</u>	<u>550</u>
Totals	<u>\$603,711</u>	<u>\$51,168</u>	<u>\$16,116</u>	<u>\$670,995</u>

-See Independent Auditor's Report and Notes to the Financial Statements-

**The Community Soup Kitchen, Incorporated**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**

**Cash Flows from Operating Activities:**

Changes in Net Assets Without Donor Restrictions	\$296,406	
Adjustments to Reconcile Changes in Net Assets Without Donor Restrictions to Net Cash Provided By/(Used In) Operating Activities:		
Depreciation	10,813	
Investment Income, Net	(47,385)	
(Increase) Decrease Grants Receivable	(50,000)	
(Increase) Decrease in Prepaid Expense	(1,954)	
Increase (Decrease) in Accounts Payable and Accrued Expenses	13,435	
Increase (Decrease) Deferred Revenue	<u>60,417</u>	
Net Cash Provided By (Used In) Operating Activities		\$281,732

**Cash Flows from Investing Activities:**

Purchase of Vehicle	(35,087)	
Transfers to Investments, Net	<u>(106,104)</u>	
Net Cash Provided By (Used In) Investing Activities		<u>(141,191)</u>
Net Increase in Cash and Cash Equivalents		140,541
Cash and Cash Equivalents, January 1, 2020		<u>85,580</u>
Cash and Cash Equivalents, December 31, 2020		<u>\$226,121</u>

-See Independent Auditor's Report and Notes to the Financial Statements-



**The Community Soup Kitchen, Incorporated**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2020**

**Note 1 – Organization and Nature of Activities**

The Community Soup Kitchen, Incorporated (the Organization) was organized to provide meals to the homeless and needy people in the New Haven, Connecticut area. The Organization is supported primarily through grants and private contributions.

**Note 2 – Summary of Significant Accounting Policies**

**New Accounting Pronouncement**

Effective July 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This guidance provide a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. This amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. ASU 2018-08 is effective for annual periods beginning after December 31, 2018 for resource recipients and for annual periods beginning after December 31, 2019 for resource providers. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions and therefore no changes to the previous issued audited financial statements were required on a retrospective basis.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Property and Equipment**

Fixed assets are stated at cost. Depreciation of these assets is provided over their estimated useful lives on a straight-line basis.

**Income Tax Status**

The Organization is a not-for-profit corporation exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3) of the Internal Revenue Code.

-See Independent Auditor's Report-

**The Community Soup Kitchen, Incorporated**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2020**

**Income Tax Status (continued)**

On January 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effects on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2020.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2013.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

**Cost Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, occupancy and other expenses.

-See Independent Auditor's Report-

**The Community Soup Kitchen, Incorporated**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2020**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

**Advertising Costs**

Advertising costs are expensed in the period they are incurred.

**Note 3 – Cash and Cash Equivalents**

Cash and cash equivalents include all monies in the bank and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments

As of December 31, 2020, cash and cash equivalents totaled \$226,121.

**Note 4 - Investments**

The Organization maintains investments for excess operating cash and future planning purposes.

The fair value measurement and levels within the fair value hierarchy of those measurements for the assets reported as fair value on a recurring basis at December 31, 2020 are as follows:

<b><u>Description</u></b>	<b><u>Fair Value</u></b>	<b>Quoted Prices in Markets for Identical Assets <u>Level I</u></b>
Trading Securities		
Mutual Funds	<u>\$304,754</u>	<u>\$304,754</u>
Total Trading Securities	<u>\$304,754</u>	<u>\$304,754</u>

**Note 5 – Grants and Deferred Revenue**

In 2020 the Organization was awarded a grant totaling \$75,000. The amount of \$14,583 was recognized as revenue in 2020, and \$60,417 was recorded as deferred revenue as of December 31, 2020 from this grant award.

-See Independent Auditor's Report-

**The Community Soup Kitchen, Incorporated**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2020**

**Note 6 – Contributed Supplies and Services**

The Organization receives a significant amount of in-kind donations from unpaid volunteers and corporations. The in-kind donations have been recognized in the statement of activities as revenues in the period they are received at their fair market values.

The value of in-kind donations received for the year ended December 31, 2020 was \$312,405.

**Note 7 – Commitments**

The Organization is located and operates in a portion of another not-for-profit entity's building. The Organization reimburses that entity for occupancy expenses on a monthly basis at the cost of \$1,600 per month. The occupancy cost for the year ended December 31, 2020 totaled \$19,200.

The Organization entered into an agreement for outside labor in the amount of \$3,750 quarterly. The total paid for the year ended December 31, 2020 was \$3,750.

The Organization leases storage space for three month periods in the amount of \$1,125 each quarter. This agreement is cancellable at any time and the total paid for the year ended December 31, 2020 was \$4,500.

**Note 8 – Employee Retirement Plan**

In October, 2011, the Organization implemented a SIMPLE Individual Retirement Account Plan. The Organization contributes up to six percent of an employee qualified wages. The retirement plan expense for the year ended December 31, 2020 was \$3,794.

**Note 9 – Property and Equipment**

Property and equipment consists of leasehold improvements, furniture and fixtures, office equipment and vehicles and all assets are recorded at cost. Depreciation is provided on fixed assets over five to thirty-nine year useful lives. The Organization maintains a capitalization threshold of \$500. A summary of changes in the property and equipment for the year ended December 31, 2020 is as follows:

**The Community Soup Kitchen, Incorporated**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2020**

**Note 9 – Property and Equipment (continued)**

	<u>Balance, January 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, December 31, 2020</u>
Leasehold Improvements	\$198,726	-	-	\$198,726
Furniture and Fixtures	46,666	-	-	46,666
Office Equipment	1,174	-	-	1,174
Vehicles	<u>21,460</u>	<u>\$35,087</u>	<u>\$21,460</u>	<u>35,087</u>
Totals	<u>\$268,026</u>	<u>\$35,087</u>	<u>\$21,460</u>	<u>\$281,653</u>
Less: Accumulated Depreciation for				
Leasehold Improvements	\$47,468	\$6,720	-	\$54,188
Furniture and Fixtures	46,666	-	-	46,666
Office Equipment	1,174	-	-	1,174
Vehicles	<u>21,460</u>	<u>4,093</u>	<u>\$21,460</u>	<u>4,093</u>
Totals	<u>\$116,768</u>	<u>\$10,813</u>	<u>\$21,460</u>	<u>\$106,121</u>
Total Property and Equipment, Net of Accumulated Depreciation	<u>\$151,258</u>			<u>\$175,532</u>

Depreciation expense for the year ended December 31, 2020 is \$10,813.

**Note 10 – Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2020.

	<b><u>2020</u></b>
<b>Financial Assets as of December 31, 2020</b>	\$281,716
Less those unavailable for general expenditures within one year due to restrictions	<u>30,595</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year</b>	<u>\$251,121</u>

-See Independent Auditor's Report-

**The Community Soup Kitchen, Incorporated**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2020**

**Note 11 – Evaluation of Subsequent Events**

Management has made an evaluation and concluded that there have been no subsequent events from December 31, 2020 through June 3, 2021 the date on which the financial statements were available to be issued.

**Note 12 – Risks and Uncertainties**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and the world. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Organization's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Organization, including availability of future grant funding, at the time of issuance, the impact could not be determined.

The extent to which the COVID-19 pandemic further impacts the Organization's operations and financial condition will depend on numerous evolving factors, which are uncertain and cannot be predicted, including duration and scope of the pandemic and associated disruptions; effects of current and future governmental and public responses to changing conditions; and the financial condition of the Organization's grantors and contributors to continue their support of the Organization's mission.

**Note 13 – Payroll Protection Program Note Payable**

In April, 2020, the Organization received a loan from the federal government pursuant to the Paycheck Protection Program in the amount of \$40,125. The note bears interest at a rate of 1% per annum and is payable monthly.

The proceeds from the note may only be used for certain payroll costs, group health care benefits, rent, utilities and other certain expenses. The Company used the entire proceeds for qualifying expenses. Under the terms of the loan the obligation may be forgiven if they are used for qualifying expenses as described in the CARES Act. An application for forgiveness was approved as of February, 2021, and the loan was subsequently recorded as contribution revenue for the year ended December 31, 2020.