

THE COMMUNITY SOUP KITCHEN, INCORPORATED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

The Community Soup Kitchen, Incorporated
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Year Ended December 31, 2021

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-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, 2021, 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, 2021, 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.

A handwritten signature in blue ink, followed by the text "C.P.A." in a similar blue ink.

Milford, Connecticut
October 1, 2022

The Community Soup Kitchen, Incorporated
Statement of Financial Position
December 31, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$287,713	
Investments	338,054	
Grants Receivable, Less Allowance for Doubtful Accounts of -0-	132,480	
Prepaid Expense	<u>3,643</u>	
Total Current Assets		\$761,890

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>119,858</u>	

Net Property and Equipment		<u>161,795</u>
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Total Assets		<u>\$923,685</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	\$6,592	
Deferred Revenue	<u>96,868</u>	
Total Current Liabilities		\$103,460

NET ASSETS

Net Assets

Without Donor Restrictions	<u>820,225</u>	
Total Net Assets		<u>820,225</u>

Total Liabilities and Net Assets		<u>\$923,685</u>
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-See Independent Auditor's Report and Notes to the Financial Statements-

The Community Soup Kitchen, Incorporated
Statement of Activities
Year Ended December 31, 2021

Changes in Net Assets Without Donor Restrictions:

Revenue and Gains		
Contributions	\$833,104	
Fundraising	19,270	
Interest	<u>472</u>	
Total Revenues and Gains Without Donor Restrictions		\$852,846

Expenses and Losses Without Donor Restrictions:

Program Services	679,912	
Management and General	29,830	
Fundraising	<u>24,325</u>	
Total Expenses and Losses Without Donor Restrictions		<u>734,067</u>

**Operating Revenues and Gains in Excess
of Operating Expenses and Losses** 118,779

Other Items (considered to be non-operating)

Investment Returns, Net	<u>22,453</u>	
Total Other Items		<u>22,453</u>

Increase in Net Assets Without Donor Restrictions 141,232

Net Assets, January 1, 2021 678,993

Net Assets, December 31, 2021 \$820,225

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

The Community Soup Kitchen, Incorporated
Statement of Functional Expenses
Year Ended December 31, 2021

Functional Expenses	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Food	\$346,496	-	-	\$346,496
Salaries	167,669	\$23,671	\$5,918	197,258
Kitchen Supplies	38,734	-	-	38,734
Outside Labor	6,813	-	-	6,813
Professional Fees	3,685	1,228	-	4,913
Insurance - General	20,183	-	-	20,183
Payroll Taxes	14,190	2,003	501	16,694
Employee Benefits	17,248	2,435	609	20,292
Payroll Service Fees	3,491	493	123	4,107
Depreciation	13,737	-	-	13,737
Transportation	5,969	-	-	5,969
Donations	5,000	-	-	5,000
Fundraising	-	-	17,174	17,174
Occupancy	19,800	-	-	19,800
Repairs and Maintenance	11,916	-	-	11,916
Storage	4,500	-	-	4,500
Telephone	<u>481</u>	<u>-</u>	<u>-</u>	<u>481</u>
Totals	<u>\$679,912</u>	<u>\$29,830</u>	<u>\$24,325</u>	<u>\$734,067</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, 2021

Cash Flows from Operating Activities:

Changes in Net Assets Without Donor Restrictions	\$141,232	
Adjustments to Reconcile Changes in Net Assets Without Donor Restrictions to Net Cash Provided By/(Used In) Operating Activities:		
Depreciation	13,737	
Investment Income, Net	(22,799)	
(Increase) Decrease Grants Receivable	(82,480)	
(Increase) Decrease in Prepaid Expense	1,952	
Increase (Decrease) in Accounts Payable and Accrued Expenses	(16,001)	
Increase (Decrease) Deferred Revenue	<u>36,451</u>	
Net Cash Provided By (Used In) Operating Activities		\$72,092
Cash Flows from Investing Activities:		
Transfers to Investments, Net	<u>(10,500)</u>	
Net Cash Provided By (Used In) Investing Activities		<u>(10,500)</u>
Net Increase in Cash and Cash Equivalents		61,592
Cash and Cash Equivalents, January 1, 2021		<u>226,121</u>
Cash and Cash Equivalents, December 31, 2021		<u>\$287,713</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, 2021

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, 2021

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, 2021.

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 2014.

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, 2021

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, 2021, cash and cash equivalents totaled \$287,713.

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, 2021 are as follows:

<u>Description</u>	<u>Fair Value</u>	Quoted Prices in Markets for Identical Assets <u>Level I</u>
Trading Securities		
Mutual Funds	<u>\$338,054</u>	<u>\$338,054</u>
Total Trading Securities	<u>\$338,054</u>	<u>\$338,054</u>

Note 5 – Grants and Deferred Revenue

In 2020 the Organization was awarded a grant totaling \$75,000. The amount of \$25,000 was recognized as revenue in 2021, and \$35,416 was recorded as deferred revenue as of December 31, 2021 from this grant award.

-See Independent Auditor's Report-

The Community Soup Kitchen, Incorporated
Notes to the Financial Statements
Year Ended December 31, 2021

Note 5 – Grants and Deferred Revenue (continued)

In 2021 the Organization was awarded a grant totaling \$48,290. The amount of \$14,490 was recognized as revenue in 2021, and \$33,800 was recorded as deferred revenue as of December 31, 2021 from this grant award.

In 2021 the Organization was awarded a grant totaling \$31,108. The amount of \$3,456 was recognized as revenue in 2021, and \$27,652 was recorded as deferred revenue as of December 31, 2021 from this grant award.

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, 2021 was \$306,950.

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 \$1,650 per month. The occupancy cost for the year ended December 31, 2021 totaled \$19,800.

The Organization entered into an agreement for outside labor in the amount of \$4,000 quarterly. The total paid for the year ended December 31, 2020 was \$6,813.

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, 2021 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, 2021 was \$949.

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

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:

	<u>Balance,</u> <u>January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>December 31, 2021</u>
Leasehold Improvements	\$198,726	-	-	\$198,726
Furniture and Fixtures	46,666	-	-	46,666
Office Equipment	1,174	-	-	1,174
Vehicles	<u>35,087</u>	<u>-</u>	<u>-</u>	<u>35,087</u>
Totals	<u>\$281,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$281,653</u>
Less: Accumulated Depreciation for				
Leasehold Improvements	\$54,188	\$6,720	-	\$60,908
Furniture and Fixtures	46,666	-	-	46,666
Office Equipment	1,174	-	-	1,174
Vehicles	<u>4,093</u>	<u>7,017</u>	<u>-</u>	<u>11,110</u>
Totals	<u>\$106,121</u>	<u>\$13,737</u>	<u>\$ -</u>	<u>\$119,858</u>
Total Property and Equipment, Net of Accumulated Depreciation	<u>\$175,532</u>			<u>\$161,795</u>

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Depreciation expense for the year ended December 31, 2021 is \$13,737.

-See Independent Auditor's Report-

The Community Soup Kitchen, Incorporated
Notes to the Financial Statements
Year Ended December 31, 2021

Note 10 – Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2021.

	<u>2021</u>
Financial Assets as of December 31, 2021	\$287,713
Less those unavailable for general expenditures within one year due to restrictions	<u>17,330</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$270,383</u>

Note 11 – 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.

-See Independent Auditor’s Report-