

**COMMUNITY SOUP KITCHEN AND
OUTREACH CENTER, INC.**

**FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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DECEMBER 31, 2018 AND 2017**

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Independent Auditor's Report

To the Board of Trustees of
Community Soup Kitchen And Outreach Center, Inc.
Morristown, New Jersey

We have audited the accompanying financial statements of Community Soup Kitchen And Outreach Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 considers 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, we 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.

Independent Auditor's Report (Con't)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Soup Kitchen And Outreach Center, Inc. as of December 31, 2018 and 2017, 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.

Report On Supplementary Information

Our Audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 6 and 7 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Michael J. Raput Jr.

Flanders, New Jersey
September 10, 2019

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash (Note 2) | \$ 1,343,368 | \$ 1,484,183 |
| Total Current Assets | 1,343,368 | 1,484,183 |
| Property and Equipment | | |
| Leasehold improvements | 238,773 | 233,070 |
| Kitchen equipment | 205,529 | 202,521 |
| Office equipment | 60,447 | 58,550 |
| Vehicles | <u>23,000</u> | <u>23,000</u> |
| | 527,749 | 517,140 |
| Less: Accumulated depreciation | <u>(500,224)</u> | <u>(491,390)</u> |
| Net Property and Equipment | <u>27,525</u> | <u>25,750</u> |
| Other Assets | | |
| Deposits | 1,387 | 1,387 |
| Cash restricted to purchase of property and equipment | <u>-</u> | <u>10,000</u> |
| TOTAL ASSETS | <u>\$ 1,372,280</u> | <u>\$ 1,521,320</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts Payable | \$ 13,515 | \$ 6,825 |
| Total Current Liabilities | 13,515 | 6,825 |
| Net Assets | | |
| Net assets – Without donor restrictions | 1,358,765 | 1,504,495 |
| Net assets – With donor restrictions | <u>-</u> | <u>10,000</u> |
| Total Net Assets | <u>1,358,765</u> | <u>1,514,495</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,372,280</u> | <u>\$ 1,521,320</u> |

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|
| UNRESTRICTED NET ASSETS | | |
| Donations | \$ 2,162,725 | \$ 2,174,086 |
| Fundraising | 239,546 | 236,700 |
| Interest income | <u>1,261</u> | <u>1,604</u> |
| TOTAL UNRESTRICTED SUPPORT | 2,403,532 | 2,412,390 |
| EXPENSES | | |
| Salaries | 783,046 | 722,378 |
| Donated services | 450,000 | 450,000 |
| Payroll taxes | 64,615 | 57,893 |
| Insurance | 60,833 | 61,561 |
| Rent | 27,600 | 27,600 |
| Depreciation | 8,834 | 30,020 |
| Fundraising expenses | 43,373 | 32,985 |
| Maintenance and repairs | 3,814 | 6,348 |
| Telephone | 9,715 | 3,934 |
| Office expense | 39,016 | 43,664 |
| Stationary and printing | 32,920 | 25,996 |
| Postage and delivery | 8,435 | 9,225 |
| Paper supplies | 32,432 | 22,416 |
| Food supplies | 897,885 | 869,442 |
| Pension expense | 9,244 | 9,340 |
| Professional fees | 13,933 | 39,354 |
| Public relations | 41,542 | 31,009 |
| Miscellaneous | 7,069 | 13,295 |
| Trash | 17,526 | 16,156 |
| Utilities | <u>7,430</u> | <u>6,127</u> |
| TOTAL EXPENSES | <u>2,559,262</u> | <u>2,478,743</u> |
| DECREASE IN UNRESTRICTED NET ASSETS | (155,730) | (66,353) |
| NET ASSETS – BEGINNING OF YEAR | <u>1,514,495</u> | <u>1,580,848</u> |
| NET ASSETS – END OF YEAR | <u>\$ 1,358,765</u> | <u>\$ 1,514,495</u> |

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDING DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (155,730) | \$ (66,353) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 8,834 | 30,020 |
| Increase in accounts payable | 6,690 | <u>(306)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>(140,206)</u> | <u>(36,639)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital Expenditures | <u>(10,609)</u> | <u>(3,879)</u> |
| NET CASH USED BY INVESTING ACTIVITIES | <u>(10,609)</u> | <u>(3,879)</u> |
| NET INCREASE (DECREASE) IN CASH | (150,815) | (40,518) |
| CASH – BEGINNING OF YEAR | <u>1,494,183</u> | <u>1,534,701</u> |
| CASH – END OF YEAR | <u>\$ 1,343,368</u> | <u>\$ 1,494,183</u> |

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

| | <u>Program Services</u> | <u>Fundraising</u> | <u>Management and General</u> | <u>TOTAL</u> |
|-------------------------|-----------------------------|-------------------------|-----------------------------------|----------------------------|
| EXPENSES | | | | |
| Salaries | \$ 665,589 | \$ - | \$ 117,457 | \$ 783,046 |
| Payroll taxes | 54,923 | - | 9,692 | 64,615 |
| Insurance | 36,500 | - | 24,333 | 60,833 |
| Rent | 24,000 | - | 3,600 | 27,600 |
| Depreciation | 7,951 | - | 883 | 8,834 |
| Fundraising expenses | - | 43,373 | - | 43,373 |
| Telephone | 6,800 | - | 2,915 | 9,715 |
| Office expenses | 27,301 | - | 11,715 | 39,016 |
| Stationary and printing | 26,336 | - | 6,584 | 32,920 |
| Postage and delivery | 6,748 | - | 1,687 | 8,435 |
| Paper supplies | 32,432 | - | - | 32,432 |
| Food supplies | 897,885 | - | - | 897,885 |
| Pension expense | 6,471 | - | 2,773 | 9,244 |
| Professional fees | 11,843 | - | 2,090 | 13,933 |
| Public relations | 41,542 | - | - | 41,542 |
| Miscellaneous | 4,948 | - | 2,121 | 7,069 |
| Trash | 15,773 | - | 1,753 | 17,526 |
| Maintenance & repairs | 3,433 | - | 381 | 3,814 |
| Utilities | 6,687 | - | 743 | 7,430 |
| Donated services | <u>450,000</u> | <u>-</u> | <u>-</u> | <u>450,000</u> |
| TOTAL EXPENSES | <u>\$ 2,327,162</u> | <u>\$ 43,373</u> | <u>\$ 188,727</u> | <u>\$ 2,559,262</u> |

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

| | <u>Program Services</u> | <u>Fundraising</u> | <u>Management and General</u> | <u>TOTAL</u> |
|-------------------------|-----------------------------|-------------------------|-----------------------------------|----------------------------|
| EXPENSES | | | | |
| Salaries | \$ 614,021 | \$ - | \$ 108,357 | \$ 722,378 |
| Donated services | 450,000 | - | - | 450,000 |
| Payroll taxes | 49,209 | - | 8,684 | 57,893 |
| Insurance | 36,937 | - | 24,624 | 61,561 |
| Rent | 24,840 | - | 2,760 | 27,600 |
| Depreciation | 27,018 | - | 3,002 | 30,020 |
| Fundraising expenses | - | 32,985 | - | 32,985 |
| Telephone | 2,754 | - | 1,180 | 3,934 |
| Office expenses | 30,565 | - | 13,099 | 43,664 |
| Stationary and printing | 20,797 | - | 5,199 | 25,996 |
| Postage and delivery | 7,380 | - | 1,845 | 9,225 |
| Paper supplies | 22,416 | - | - | 22,416 |
| Food supplies | 869,442 | - | - | 869,442 |
| Pension expense | 6,538 | - | 2,802 | 9,340 |
| Professional fees | 32,873 | - | 6,481 | 39,354 |
| Public relations | 31,009 | - | - | 31,009 |
| Miscellaneous | 9,307 | - | 3,988 | 13,295 |
| Trash | 14,540 | - | 1,616 | 16,156 |
| Maintenance & repairs | 5,713 | - | 635 | 6,348 |
| Utilities | 5,514 | - | 613 | 6,127 |
| | <u>5,514</u> | <u>-</u> | <u>613</u> | <u>6,127</u> |
| TOTAL EXPENSES | <u>\$ 2,260,873</u> | <u>\$ 32,985</u> | <u>\$ 184,885</u> | <u>\$ 2,478,743</u> |

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Soup Kitchen and Outreach Center, Inc. (the Organization) is a nonprofit organization operated as an ecumenical effort, supported and run by approximately 30 congregations from the greater Morristown, New Jersey area. The Organization provides a nutritious breakfast and noontime meal, free of charge, to anyone who comes seeking nourishment. Anyone is welcomed regardless of age, sex, race, financial qualifications, or religious beliefs. In addition, the Organization also assists guests in accessing community resources, services, and educational programs.

Basis of Accounting

The financial statements of the Community Soup Kitchen and Outreach Center, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

The Organization capitalizes all new property and equipment. Property and equipment are carried at cost or, if donated, at the appropriate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the assets.

Revenue Recognition

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

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services / Donations

The Organization receives a substantial amount of food and services from its members and the general public in order to carry out the Organization's programs. The Organization estimated the fair value of these contributed food and services for financial statement purposes. The Organization is financially dependent upon the continuing support of the public and its members to continue its programs.

Income Taxes

Community Soup Kitchen and Outreach Center, Inc. is a nonprofit organization described under Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal income taxes. Community Soup Kitchen and Outreach Center, Inc. is also exempt under Title 15 of the State of New Jersey, "Corporations and Associations Not-for-Profit Act". Accordingly, no provisions for income taxes have been presented in the accompanying financial statements.

Cash

Cash includes all monies in banks and highly liquid investments with maturity dates of less than six months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. For the purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain items in the 2017 financial statements have been reclassified to conform to current year presentation.

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The total cash held by Community Soup Kitchen and Outreach Center, Inc. at December 31, 2018 and 2017 amounted to \$1,343,368 and \$1,494,183, respectively. Financial instruments which potentially subject the Organization to concentration of credit risks are cash and bank certificates of deposit. The Organization places its cash in high credit quality financial institutions. The amount on deposit in any one institution that exceeds federally insured limits is subject to credit risk. At December 31, 2018 the Organization maintained cash and cash equivalent amounts of approximately \$202,603 and \$142,994 in 2017 which were subject to such risk.

NOTE 3 – RESTRICTIONS ON NET ASSETS

The Organization has restricted \$250,000 of net assets as of December 31, 2018 and 2017 to be reserved exclusively for operating expenses. These funds cannot be expended without the approval of the Board of Directors.

NOTE 4 – DONATED SERVICES AND NON-CASH CONTRIBUTIONS

A number of unpaid volunteers make significant contributions of their time in serving and preparing meals. The value of this contributed time is recorded at estimated fair value and was recorded in the financial statements at a value of \$450,000 for the year ended December 31, 2018 and 2017. The value of donated food, beverages, and related supplies is also recorded at estimated fair value. For the years ended December 31, 2018 and 2017, donations of this type were recorded at a value of \$750,000 for both years.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Community Soup Kitchen and Outreach Center, Inc. utilizes dining rooms and office space from two member congregations, as follows:

- a) 36 South Street, Morristown, NJ – Rent expense was \$24,000 for each of the years ended December 31, 2018 and 2017. The lease was renewed for ten years on June 1, 2009. Under the lease, the annual rent shall equal 80% of the actual cost to the property owner to operate the property, and such amount will be calculated and agreed upon annually. The lease also contains an excess energy use clause which could subject the Community Soup Kitchen to additional utility costs under certain conditions should energy usage increase significantly. No additional rent was due for 2018 and 2017.
- b) 57 Park Place, Morristown, NJ - The Community Soup Kitchen and Outreach Center, Inc. also rented additional office space for \$3,600 in 2018 and 2017. There is no formal lease for this space.

**COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Community Soup Kitchen and Outreach Center provided a 403b Retirement Plan in which all employees are eligible to participate after completing one full year of service. For employees who complete five years of continuous service with Community Soup Kitchen, Community Soup Kitchen will match employee contributions by contributing \$.50 for each \$1.00 of employee contributions, up to specified limits. Total pension expense was \$9,244 for 2018 and \$9,340 for 2017.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization had \$1,343,368 of financial assets at December 31, 2018 and \$1,484,183 at December 31, 2017. The following table shows the financial assets available to meet cash needs for general expenditures within one year:

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Financial assets at year end | \$ 1,343,368 | \$ 1,484,183 |
| Less those unavailable for general expenditures within one year: | | |
| Donor restricted to purpose of equipment | - | 10,000 |
| Organization restricted for operating expenses | <u>250,000</u> | <u>250,000</u> |
| Financial assets available to meet all other cash needs for general expenditures within one year | <u>\$ 1,093,362</u> | <u>\$ 1,224,183</u> |

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 10, 2019, the date which the financial statements were available to be issued.