

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

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MICHAEL J. RAPACH JR.
Certified Public Accountant
88 Bartley-Flanders Road Suite 101
Flanders, New Jersey 07836

Tel. 973-252-9944
Fax 973-252-9941
mrpachcpa@hotmail.com

Member: American Institute of CPA's

New Jersey Society of CPA's

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, 2016 and 2015, 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, 2016 and 2015, 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. Repach Jr.

Flanders, New Jersey
September 15, 2017

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current Assets		
Cash (Note 2)	\$ 1,524,701	\$ 1,562,850
Total Current Assets	1,524,701	1,562,850
Property and Equipment		
Leasehold improvements	233,070	233,070
Kitchen equipment	198,642	198,642
Office equipment	58,550	51,673
Vehicles	<u>23,000</u>	<u>23,000</u>
	513,262	506,385
Less: Accumulated depreciation	<u>(461,371)</u>	<u>(430,555)</u>
Net Property and Equipment	<u>51,891</u>	<u>75,830</u>
Other Assets		
Deposits	1,387	-
Cash restricted to purchase of property and equipment	<u>10,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,587,979</u>	<u>\$ 1,638,680</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	\$ 7,131	\$ 1,185
Total Current Liabilities	7,131	1,185
Net Assets		
Net assets – Unrestricted (Note 3)	1,570,848	1,637,495
Net assets – Temporarily restricted	<u>10,000</u>	<u>-</u>
Total Net Assets	<u>1,580,848</u>	<u>1,637,495</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,587,979</u>	 <u>\$ 1,638,680</u>

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
Donations	\$ 1,733,583	\$ 1,371,701
Fundraising	255,978	231,647
Interest income	<u>1,434</u>	<u>882</u>
TOTAL UNRESTRICTED SUPPORT	1,990,995	1,604,230
EXPENSES		
Salaries	718,146	641,235
Payroll taxes	59,712	51,854
Insurance	67,110	62,718
Rent	27,600	28,170
Depreciation	30,816	29,764
Fundraising expenses	38,821	42,093
Maintenance and repairs	9,254	7,771
Telephone	3,347	2,640
Office expense	47,075	42,317
Stationary and printing	30,517	14,191
Postage and delivery	11,595	16,857
Paper supplies	17,049	11,893
Food supplies	863,324	463,602
Pension expense	9,379	9,360
Professional fees	77,230	5,980
Public relations	20,684	10,523
Miscellaneous	6,636	5,036
Trash	13,214	9,566
Utilities	<u>6,133</u>	<u>3,948</u>
TOTAL EXPENSES	<u>2,057,642</u>	<u>1,459,518</u>
INCREASE IN UNRESTRICTED NET ASSETS	(66,647)	144,712
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	<u>10,000</u>	<u>-</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>10,000</u>	<u>-</u>
INCREASE IN NET ASSETS	(56,647)	-
NET ASSETS – BEGINNING OF YEAR	<u>1,637,495</u>	<u>1,492,783</u>
NET ASSETS – END OF YEAR	<u>\$ 1,580,848</u>	<u>\$ 1,637,495</u>

See accompanying notes

**COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDING DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ (66,647)	\$ 144,712
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	30,816	29,764
Increase in accounts payable	5,946	(4,386)
Increase in deposits	(1,387)	-
Contributions restricted for long-term purposes	<u>10,000</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(21,272)</u>	<u>170,090</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	<u>(6,877)</u>	<u>(9,965)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(6,877)</u>	<u>(9,965)</u>
NET INCREASE (DECREASE) IN CASH	(28,149)	160,125
CASH – BEGINNING OF YEAR	<u>1,562,850</u>	<u>1,402,725</u>
CASH – END OF YEAR	<u>\$ 1,534,701</u>	<u>\$ 1,562,850</u>

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>TOTAL</u>
EXPENSES				
Salaries	\$ 610,424	\$ -	\$ 107,722	\$ 718,146
Payroll taxes	50,755	-	8,957	59,712
Insurance	40,266	-	26,844	67,110
Rent	24,840	-	2,760	27,600
Depreciation	27,734	-	3,082	30,816
Fundraising expenses	-	38,821	-	38,821
Telephone	2,343	-	1,004	3,347
Office expenses	32,953	-	14,122	47,075
Stationary and printing	24,414	-	6,103	30,517
Postage and delivery	9,276	-	2,319	11,595
Paper supplies	17,049	-	-	17,049
Food supplies	863,324	-	-	863,324
Pension expense	6,565	-	2,814	9,379
Professional fees	4,984	71,000	1,246	77,230
Public relations	20,684	-	-	20,684
Miscellaneous	4,645	-	1,991	6,636
Trash	11,893	-	1,321	13,214
Maintenance & repairs	8,329	-	925	9,254
Utilities	5,520	-	613	6,133
TOTAL EXPENSES	<u>\$ 1,765,998</u>	<u>\$ 109,821</u>	<u>\$ 181,823</u>	<u>\$ 2,057,642</u>

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>TOTAL</u>
EXPENSES				
Salaries	\$ 545,050	\$ -	\$ 96,185	\$ 641,235
Payroll taxes	44,076	-	7,778	51,854
Insurance	37,631	-	25,087	62,718
Rent	25,353	-	2,817	28,170
Depreciation	26,788	-	2,976	29,764
Fundraising expenses	-	42,093	-	42,093
Telephone	1,848	-	792	2,640
Office expenses	29,622	-	12,695	42,317
Stationary and printing	11,353	-	2,838	14,191
Postage and delivery	13,486	-	3,371	16,857
Paper supplies	11,893	-	-	11,893
Food supplies	463,602	-	-	463,602
Pension expense	6,552	-	2,808	9,360
Professional fees	4,784	-	1,196	5,980
Public relations	10,523	-	-	10,523
Miscellaneous	3,525	-	1,511	5,036
Trash	8,609	-	957	9,566
Maintenance & repairs	5,440	-	2,331	7,771
Utilities	3,553	-	395	3,948
	<u>3,553</u>	<u>-</u>	<u>395</u>	<u>3,948</u>
TOTAL EXPENSES	<u>\$ 1,253,688</u>	<u>\$ 42,093</u>	<u>\$ 163,737</u>	<u>\$ 1,459,518</u>

See accompanying notes

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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 noontime meal, free of charge, to anyone who comes seeking nourishment. Anyone is welcomed regardless of age, sex, race, financial qualifications or religious beliefs.

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 unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services / Donations

The organization receives a substantial amount of food, services, and funds from its members and the general public in order to carry out the organization's programs. No amounts have been reflected in the financial statements for services received, since they do not meet the criteria for recognition as contributed services. 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. Cash also included short term certificates of deposits totaling \$165,066 at December 31, 2016 and \$164,708 at December 31, 2015.

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

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 2015 financial statements have been reclassified to conform to current year presentation.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The total cash held by Community Soup Kitchen and Outreach Center, Inc. at December 31, 2016 and 2015 amounted to \$1,534,701 and \$1,562,850, 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, 2016 the Organization maintained cash and cash equivalent amounts of approximately \$440,369 and \$494,409 in 2015 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, 2016 and 2015 to be reserved exclusively for operating expenses. These funds cannot be expended without the approval of the Board of Directors.

In 2016 the Organization received a \$10,000 contribution which is restricted to the purchase of property and equipment in the future and this amount is not currently available for operating purposes.

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 not reflected in these statements since it is not susceptible to objective measurement or valuation. The value of donated food, beverages and related supplies is recorded at estimated fair value. For the years ended December 31, 2016 and 2015, donations of this type were recorded at a value of \$750,000 and \$350,000, respectively.

COMMUNITY SOUP KITCHEN AND OUTREACH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 – RELATED PARTY TRANSACTIONS

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

- a) 36 South Street, Morristown, NJ – Rent expense was \$24,000 for each of the years ended December 31, 2016 and 2015. 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 2016 and 2015.
- b) 57 Park Place, Morristown, NJ - The Community Soup Kitchen and Outreach Center, Inc. also rented additional office space for \$3,600 in 2016 and 2015. There is no formal lease for this space.

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 \$9,379 for 2016 and \$9,360 for 2015.

NOTE 7 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 15, 2017, the date which the financial statements were available to be issued.