

THE COMMUNITY SOUP KITCHEN, INCORPORATED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The Community Soup Kitchen, Incorporated
Table of Contents
Year Ended December 31, 2022

INDEPENDENT AUDITOR’S REPORT.....	1-2
BASIC FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13

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-INDEPENDENT AUDITOR'S REPORT-

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

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Community Soup Kitchen, Incorporated as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Community Soup Kitchen, Incorporated and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, 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 The Community Soup Kitchen, Incorporated's ability to continue as a going concern for the year ended December 31, 2022.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgement 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 to 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 The Community Soup Kitchen, Incorporated'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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Soup Kitchen, Incorporated's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

A handwritten signature in blue ink, appearing to read "Michael D. CPA".

Milford, Connecticut
October 20, 2023

The Community Soup Kitchen, Incorporated
Statement of Financial Position
December 31, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$111,817
Investments	302,617
Grants Receivable, Less Allowance for Doubtful Accounts of -0-	40,554
Prepaid Expense	<u>4,413</u>

Total Current Assets \$459,401

Property and Equipment

Leasehold Improvements	198,726
Furniture and Fixtures	63,920
Office Equipment	1,174
Vehicles	<u>35,087</u>
Total Property and Equipment	298,907
Less: Accumulated Depreciation	<u>135,134</u>

Net Property and Equipment 163,773

Total Assets \$623,174

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	\$20,738
Deferred Revenue	<u>17,330</u>

Total Current Liabilities \$38,068

NET ASSETS

Net Assets

Without Donor Restrictions 585,106

Total Net Assets 585,106

Total Liabilities and Net Assets \$623,174

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

The Community Soup Kitchen, Incorporated
Statement of Activities
Year Ended December 31, 2022

Changes in Net Assets Without Donor Restrictions:

Revenue and Gains		
Contributions	\$524,499	
Fundraising	30,255	
Interest	<u>354</u>	
Total Revenues and Gains Without Donor Restrictions		\$555,108

Expenses and Losses Without Donor Restrictions:

Program Services	675,127	
Management and General	42,345	
Fundraising	<u>29,401</u>	
Total Expenses and Losses Without Donor Restrictions		<u>746,873</u>

**Operating Expenses and Losses in Excess
of Operating Revenues and Gains** (191,765)

Other Items (considered to be non-operating)

Investment Losses, Net	<u>(43,354)</u>	
Total Other Items		<u>(43,354)</u>

Decrease in Net Assets Without Donor Restrictions (235,119)

Net Assets, January 1, 2022 820,225

Net Assets, December 31, 2022 \$585,106

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

The Community Soup Kitchen, Incorporated
Statement of Functional Expenses
Year Ended December 31, 2022

Functional Expenses	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Food	\$230,343	-	-	\$230,343
Salaries	216,011	\$30,496	\$7,624	254,131
Kitchen Supplies	66,499	-	-	66,499
Outside Labor	13,187	-	-	13,187
Professional Fees	3,450	1,150	-	4,600
Insurance - General	24,196	-	-	24,196
Payroll Taxes	22,501	3,176	794	26,471
Employee Benefits	5,562	785	196	6,543
Payroll Service Fees	4,015	567	142	4,724
Bank Fees	130	43	-	173
Depreciation	15,276	-	-	15,276
Development	17,567	5,856	-	23,423
Transportation	13,034	-	-	13,034
Dues and Subscriptions	817	272	-	1,089
Fundraising	-	-	20,645	20,645
Occupancy	29,800	-	-	29,800
Repairs and Maintenance	7,769	-	-	7,769
Storage	4,500	-	-	4,500
Telephone	<u>470</u>	<u>-</u>	<u>-</u>	<u>470</u>
Totals	<u>\$675,127</u>	<u>\$42,345</u>	<u>\$29,401</u>	<u>\$746,873</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, 2022

Cash Flows from Operating Activities:

Changes in Net Assets Without Donor Restrictions	(\$235,119)	
Adjustments to Reconcile Changes in Net Assets Without Donor Restrictions to Net Cash Provided By/(Used In) Operating Activities:		
Depreciation	15,276	
Investment Losses, Net	43,354	
(Increase) Decrease Grants Receivable	91,926	
(Increase) Decrease in Prepaid Expense	(770)	
Increase (Decrease) in Accounts Payable and Accrued Expenses	14,146	
Increase (Decrease) Deferred Revenue	<u>(79,538)</u>	
 Net Cash Provided By (Used In) Operating Activities		 (\$150,725)

Cash Flows from Investing Activities:

Purchases of Furniture and Fixtures	(17,254)	
Transfers to Investments, Net	<u>(7,917)</u>	
 Net Cash Provided By (Used In) Investing Activities		 <u>(25,171)</u>
 Net Decrease in Cash and Cash Equivalents		 (175,896)
 Cash and Cash Equivalents, January 1, 2022		 <u>287,713</u>
 Cash and Cash Equivalents, December 31, 2022		 <u>\$111,817</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, 2022

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 provides 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.

The Community Soup Kitchen, Incorporated
Notes to the Financial Statements
Year Ended December 31, 2022

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, 2022.

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 2015.

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, 2022

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, 2022, cash and cash equivalents totaled \$111,817.

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, 2022 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>\$302,617</u>	<u>\$302,617</u>
Total Trading Securities	<u>\$302,617</u>	<u>\$302,617</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 2022, and \$10,417 was recorded as deferred revenue as of December 31, 2022 from this grant award.

-See Independent Auditor's Report-

The Community Soup Kitchen, Incorporated
Notes to the Financial Statements
Year Ended December 31, 2022

Note 5 – Grants and Deferred Revenue (continued)

In 2021 the Organization was awarded a grant totaling \$48,290. The amount of \$33,573 was recognized as revenue in 2022, and \$0 was recorded as deferred revenue as of December 31, 2022 from this grant award.

In 2021 the Organization was awarded a grant totaling \$31,108. The amount of \$20,739 was recognized as revenue in 2022, and \$6,913 was recorded as deferred revenue as of December 31, 2022 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, 2022 was \$190,408.

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 \$2,483 per month. The occupancy cost for the year ended December 31, 2022 totaled \$29,800.

The Organization entered into an agreement through June, 2022 for outside labor in the amount of \$1,600 monthly. The total paid for the year ended December 31, 2020 was \$13,187.

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, 2022 was \$4,500.

The Community Soup Kitchen, Incorporated
Notes to the Financial Statements
Year Ended December 31, 2022

Note 8 – 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 \$2,500. A summary of property and equipment for the year ended December 31, 2022 is as follows:

	Balance, <u>December 31, 2022</u>
Leasehold Improvements	\$198,726
Furniture and Fixtures	63,920
Office Equipment	1,174
Vehicles	<u>35,087</u>
Totals	<u>\$298,907</u>
Less: Accumulated Depreciation for	
Leasehold Improvements	\$67,628
Furniture and Fixtures	48,205
Office Equipment	1,174
Vehicles	<u>18,127</u>
Totals	<u>\$135,134</u>
Total Property and Equipment, Net of Accumulated Depreciation	<u>\$163,773</u>

Depreciation expense for the year ended December 31, 2022 is \$15,276.

-See Independent Auditor's Report-

The Community Soup Kitchen, Incorporated
Notes to the Financial Statements
Year Ended December 31, 2022

Note 9 – Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2022.

	<u>2022</u>
Financial Assets as of December 31, 2022	\$459,401
Less those unavailable for general expenditures within one year due to restrictions	<u>4,413</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$454,988</u>

Note 10 – 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-