
THE SOUP KITCHEN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Soup Kitchen, Inc.
Boynton Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Soup Kitchen, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, 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 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 statement, 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Soup Kitchen, Inc. as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Michael C. Becker & Co.

West Palm Beach, Florida
February 14, 2014

The Soup Kitchen, Inc.
Statement of Financial Position
as of September 30, 2013

ASSETS

Current Assets

Bank of America Operating	\$	53,723
Bank of America Savings		3,579
Great FL Bank Savings Account		109,449
Prepaid Payroll Taxes		27,301
Inventory		14,365
TOTAL CURRENT ASSETS	\$	208,417

Fixed Assets

Computers & Peripherals	\$	1,166
Leasehold Improvements		54,475
Kitchen Equipment		40,638
Vehicles		124,573
Building Construction Costs		445,737
Building Expansion Costs		104,114
Total Fixed Assets at Cost		770,703
Accumulated Depreciation		(261,761)
TOTAL NET FIXED ASSETS	\$	508,942

Land Lease

Land Lease, 99 years effective 6/97	\$	50,000
Accumulated Amortization		(8,248)
Total Net Land Lease	\$	41,752

See accompanying notes

The Soup Kitchen, Inc.
Statement of Financial Position (continued)
as of September 30, 2013

Other Assets

Legacy Bank CD	\$	105,473
Legacy Bank CD		50,416
Legacy Bank CD		85,670
Florida Community Bank CD		135,883
Security Deposit - Utilities		765
Total Other Assets		<u>378,207</u>

TOTAL ASSETS	\$	<u><u>1,137,318</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	3,090
Total Liabilities		<u>3,090</u>

Net Assets

Unrestricted	\$	1,134,228
Total Net Assets		<u>1,134,228</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,137,318</u></u>
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See accompanying notes

The Soup Kitchen, Inc.
Statement of Activities
For the Year Ended September 30, 2013

<u>Support and Revenue</u>	<u>Unrestricted</u>
Donations--Unrestricted	\$ 5,782,226
Gala Event	50,339
Interest and Dividends	3,954
Credit Card Rewards	464
TOTAL SUPPORT AND REVENUE	<u>5,836,983</u>
<u>Expenses</u>	
Program Services Expenses	5,471,304
Supporting Expenses	209,407
TOTAL EXPENSES	<u>5,680,711</u>
INCREASE (DECREASE) IN NET ASSETS	<u><u>156,272</u></u>
Net Assets at Beginning of Period	<u>977,956</u>
Net Assets at End of Period	<u><u>\$ 1,134,228</u></u>

See accompanying notes

The Soup Kitchen, Inc.
Statement of Functional Expenses
For The Year Ended September 30, 2013

	<u>Programs</u>		<u>Supporting Services</u>		Total
	Soup Kitchen	Taking Care of Babies	Management & General	Fundraising Expenses	
Food Services	\$ 4825426	9461			4834887
Accounting and Bookkeeping	6813		1947		8760
Auto & Truck Expense	10639	4560			15199
Baby Project Expenses		4479			4479
Bank Charges	5		19		24
Casual Labor	240				240
Cleaning & Exterminating	245	103			348
Clothing	193600				193600
Consulting Fees	300		900	4800	6000
Depreciation	23105	10663	1777		35545
Dues & Subscriptions	10		40		50
Fundraising				122712	122712
Insurance	16408		2896		19304
Kitchen and Other Supplies	82631	1128			83759
Amortization	353	152			505
Licenses & Fees	158		638		796
Office Expense & Supplies	37429		7064	2339	46832
Payroll Taxes	10051	4115	745		14911
Postage & Express Services	491		1976		2467
Printing & Copying	173		697		870
Employee Benefits	3811	1634			5445
Repairs & Maintenance	8242	3534			11776
Security Expense	289	124			413
Special Event Expense				44833	44833
Taxes - Real Estate	2761	1183			3944
Telephone	2926	1350	477		4753
Utilities - Electric	9488	4114	1163		14765
Utilities - Waste Removal	3333	1401	340		5074
Utilities - Water	2091	890	223		3204
Utilities - Gas	2900	1183	321		4404
Wages	125610	51702	9000	4500	190812
Totals	\$ 5,369,528	101,776	30,223	179,184	5,680,711

See accompanying notes

The Soup Kitchen, Inc.
Statement of Cash Flows
For The Year Ended September 30, 2013

Cash flows from operating activities

Support and Revenue	\$ 558,272
Interest received	595
Miscellaneous income	464
Cash paid for program expenses	(356,491)
Cash paid for supporting expenses	(51,174)
Cash paid for prepaid payroll taxes	(24,305)
Depreciation and amortization	36,050
Interest paid	-
Income taxes paid	-
Net cash provided by (used in) operating activities	\$ 163,411

Cash flows from investing activities

Purchase of property and equipment	\$ (71,893)
Purchase of investments (CDs)	(88,089)
Net Cash provided by (used in) investing activities	\$ (159,982)

Cash flows from financing activities

Net cash provided by (used in) financing activities	-
Net increase (decrease) in cash and cash	3,429
Cash and cash equivalents at beginning of year	163,322
Cash and cash equivalents at end of year	\$ 166,751

See accompanying notes

The Soup Kitchen, Inc.
Statement of Cash Flows (continued)
For the Year Ended September 30, 2013

Excess (deficiency) of revenues over expenses	\$ <u>156,272</u>
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:	
Increase in accounts payable	908
Increase in inventory	(2,155)
Increase in prepaid payroll tax	(24,305)
Interest on investments	(3,359)
Depreciation and amortization	<u>36,050</u>
Total adjustments	7,139
Net cash provided (used) by operating activities	\$ <u>163,411</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
The Soup Kitchen, Inc.
For the Year Ended September 30, 2013

1. Organization

a. Organization and nature of activities

The Soup Kitchen, Inc. (the Organization) was incorporated under the laws of the state of Florida in 1983. The Organization operates as a dispensary for distributing food and hot meals. The Organization sorts, stores, and distributes food to needy individuals and families.

The Organization is a 501 (c)(3) non-profit organization, established in 1983 to help the less fortunate members of the community.

The Organization's educational program, "Taking Care of our Babies" has been in effect since 2008.

The Organization collects clothing and makes it available to those in need without cost.

In conjunction with the Palm Beach County Health Department, the Soup Kitchen provides free vaccinations (flu, school, elderly, etc) on the first Friday of each month.

The Organization functions as an emergency backup kitchen facility for the Red Cross, 2-1-1, United Way and several other agencies.

b. Basis of accounting

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

c. Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent revenues and expenses related to the operation and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purposes specifically stated by the donor.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of September 30, 2013, the Organization had no permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2013

d. Food inventory

Food items obtained from donors are presented at donated value, which was the estimated fair value on the date of contribution. Purchased items are valued at cost.

e. Property and equipment

Property and equipment is recorded at cost to the Organization or, if donated, at estimated fair value at the time of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$2,000. Depreciation is based on the straight-line or declining balance method over the estimated useful lives of assets acquired.

f. Contributions

Contributions are recognized when received by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

g. Income tax status

The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509 (a)(c). The Organization's returns are generally subject to examination by the Internal Revenue Service for three years after filing. Therefore, years ended 2011, 2012, 2013 are still subject to such regulations.

h. Donated goods and services

Donated goods have been recognized at the estimated fair value on the date of contribution.

Certain donated services are recognized at their estimated fair value, at the time services are rendered. Other voluntary services are not recognized as contributions in the financial statements since the recognition criteria were not met.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2013

i. Compensated absences

Paid employees are entitled to paid vacations, sick days and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. It is the Organization's policy to recognize the cost of compensated absences when actually paid.

j. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

k. Use of estimates

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

2. Advertising

Advertising and promotional costs are charged to expense as incurred.

3. Investments

Investments are comprised of \$377,442 in certificates of deposit.

4. Functional programs

The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allowed directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

5. Designation of unrestricted net assets

It is the policy of the Organizations's Board of Directors to periodically review the Organizations's needs and goals regarding needed repairs, improvements and renovations, and equipment needs in the future. The Board may then designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2013

6. Evaluation of subsequent events

The Organization evaluated subsequent events through February 14, 2014, the date of the auditor's report (which is also the date the financial statements were available to be issued) and concluded that no events or transactions occurred during that period which require recognition or disclosure.

7. Land Lease

The Organization leased the land on which it is situated for 99 years in June, 1997. The original cost was \$50,000. The amortization of the land lease is reflected on these financial statements.

8. Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash balances at several banking institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization did not exceed the FDIC limit during the year ended September 30, 2013.