
THE SOUP KITCHEN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

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, 2018, 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 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.

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 The Soup Kitchen, Inc. as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Michael C. Becker & Co.

West Palm Beach, Florida
April 15, 2019

The Soup Kitchen, Inc.
Statement of Financial Position
as of September 30, 2018

ASSETS

Current Assets

Bank of America Operating	\$	114,113
Bank of America Savings		56,137
Bank of America Homeless Account		2,000
Pay Pal		1,450
Accounts Receivable		23,275
Prepaid Insurance		744
Prepaid Payroll Taxes		1,765
Inventory		35,450
Total Current Assets	\$	234,934

Fixed Assets

Computers & Peripherals	\$	5,566
Leasehold Improvements		116,765
Kitchen Equipment		137,297
Vehicles		160,734
Building Construction Costs		445,737
Building Expansion Costs		104,114
Total Fixed Assets at Cost		970,213
Accumulated Depreciation		(528,395)
Total Net Fixed Assets	\$	441,818

Land Lease

Land Lease, 99 years effective 6/97	\$	50,000
Accumulated Amortization		(10,773)
Total Net Land Lease	\$	39,227

See accompanying notes

The Soup Kitchen, Inc.
Statement of Financial Position (continued)
as of September 30, 2018

Other Assets

Florida Community Bank CD	\$ 109,641
Florida Community Bank CD	143,421
Legacy Bank CD	173,071
Legacy Bank CD	52,820
Security Deposit - Utilities	765
Total Other Assets	<u>479,718</u>
TOTAL ASSETS	<u><u>\$ 1,195,697</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 19,940
Total Liabilities	<u>\$ 19,940</u>

Net Assets

Unrestricted	\$ 1,110,006
Temporarily Restricted	65,751
Total Net Assets	<u>\$ 1,175,757</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,195,697</u></u>
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See accompanying notes

The Soup Kitchen, Inc.
Statement of Activities
For the Year Ended September 30, 2018

Support and Revenue

Donations–Unrestricted	\$	9,007,579
Interest		3,963
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TOTAL UNRESTRICTED SUPPORT AND REVENUE	\$	9,011,542

Expenses

Program Services Expenses	\$	9,008,288
Supporting Expenses		47,624
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TOTAL EXPENSES	\$	9,055,912

INCREASE (DECREASE) IN NET UNRESTRICTED ASSETS	\$	(44,370)
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Temporarily Restricted Donations		65,751
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NET INCREASE (DECREASE) IN NET ASSETS	\$	21,381
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NET ASSETS AT BEGINNING OF PERIOD		1,154,376
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NET ASSETS AT END OF PERIOD	\$	<u>1,175,757</u>
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See accompanying notes

The Soup Kitchen, Inc.

Statement of Functional Expenses For The Year Ended September 30, 2018

	Programs			Supporting Services		Totals
	Soup Kitchen	Taking Care of Babies	Meals on Wheels	Management Fundraising	& General Expenses	
Food Services	\$ 8,067,766	9,046	9,046	-	-	\$ 8,085,858
Accounting, Audit, and Bookkeeping	1,835	3,982	3,982	2,150	-	11,949
Advertising and Promotion	135	130	130	-	-	395
Auto & Truck Expense	9,530	4,617	4,617	-	-	18,764
Bank Charges	17	-	-	56	-	73
Casual Labor	974	488	488	-	-	1,950
Charitable Contributions	-	-	-	-	-	-
Cleaning & Exterminating	439	222	222	67	-	950
Clothing/Furniture/Toys	389,388	-	-	-	-	389,388
Conferences and Meetings	1,484	-	-	-	-	1,484
Consulting Fees	205	-	-	1,093	5,533	6,831
Depreciation	22,934	13,420	13,420	2,598	-	52,372
Dues & Subscriptions	23	-	-	207	-	230
Insurance	1,209	6,992	6,992	3,782	-	18,975
Kitchen and Other Supplies	8,575	4,790	4,790	-	-	18,155
Amortization	249	128	128	-	-	505
Licenses & Fees	443	-	-	1,786	-	2,229
Legal Fees	-	-	-	-	-	-
Office Expense & Supplies	664	2,485	2,485	1,051	333	7,019
Occupancy	-	-	50,000	-	-	50,000
Payroll Taxes	1,166	3,306	6,152	8,358	440	19,422
Postage & Express Services	378	629	629	258	-	1,894
Printing & Copying	252	753	753	502	-	2,260
Employee Benefits	3,708	2,404	2,404	922	922	10,360
Repairs & Maintenance	10,036	4,412	4,412	-	-	18,860
Security Expense	499	128	128	-	-	755
Special Events & Volunteer Luncheon	7,787	-	-	-	-	7,787
Taxes - Real Estate	1,907	954	954	-	-	3,815
Telephone	5,887	3,188	3,188	1,363	-	13,625
Utilities - Electric	5,426	2,832	2,832	964	-	12,054
Utilities - Waste Removal	3,044	1,770	1,770	495	-	7,079
Utilities - Water	1,523	939	939	257	-	3,658
Utilities - Gas	2,949	1,462	1,462	441	-	6,314
Wages	126,329	49,142	91,386	7,023	7,023	280,902
Totals	\$ 8,676,760	118,219	213,309	33,373	14,251	\$ 9,055,912

See Accompanying notes

The Soup Kitchen, Inc.
Statement of Cash Flows
For The Year Ended September 30, 2018

Cash flows from operating activities

Increase (decrease) in net assets	\$	21,381
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase in accounts receivable		(5,675)
Increase in accounts payable		11,516
Increase in inventory		(8,145)
Decrease in prepaid payroll tax		1,238
Increase in prepaid insurance		(7)
Interest on investments		(3,929)
Depreciation and amortization		52,877
Net cash provided (used) by operating activities	\$	69,256

Cash flows from investing activities

Purchase of property and equipment	\$	(27,356)
Net Cash provided by (used in) investing activities	\$	(27,356)

Cash flows from financing activities

Net cash provided by (used in) financing activities		-
Net increase (decrease) in cash and cash equivalents		41,900
Cash and cash equivalents at beginning of year		131,800
Cash and cash equivalents at end of year	\$	173,700

Supplemental Disclosures:

Non cash investing and financing transactions: 0
Interest paid: 110
Income tax paid: 0

NOTES TO FINANCIAL STATEMENTS
The Soup Kitchen, Inc.
For the Year Ended September 30, 2018

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, diapers, furniture, appliances and makes them 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) during the course of the year.

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

Since 2015, the Organization has delivered meals to home-bound seniors and physically challenged residents in the Boynton Beach area through its Meals on Wheels program.

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, 2018, the Organization had no permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2018

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 Organization. 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. Allowance for doubtful accounts

The Organization did not provide for an allowance for doubtful accounts, as all amounts were deposited in the subsequent month to year end September 30, 2018.

h. Income tax status

The Organization is generally 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 2016, 2017, and 2018 are still subject to such regulations.

i. Donated goods and services

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

No amounts have been reflected in the financial statements for donated services. Individuals volunteer their time and perform a variety of tasks that assist the Organization at the Organization's facility, but these services do not meet the criteria for recognition a contributed services. The Organization receives approximately 5,000 volunteer hours per year.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2018

j. 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.

k. 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.

l. 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 \$478,953 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 allocated 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, 2018

6. Workers Compensation Claim

A compensation claim was initiated by a former employee concerning an accident which occurred on December 12, 2015. The Organization's insurance carrier is involved in the claim process.

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 exceeded the FDIC limit during the year ended September 30, 2018.

9. Proposed Facility Expansion

The Organization is negotiating an expansion of its facilities. The anticipated cost of the three additions to the current facility is \$430,000.

10. Evaluation of subsequent events

The Organization evaluated subsequent events through April 15, 2019, 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.