
THE SOUP KITCHEN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
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, 2014, 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, 2014, 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 17, 2015

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The Soup Kitchen, Inc.
Statement of Financial Position
as of September 30, 2014

ASSETS

Current Assets

Bank of America Operating	\$	92,245
Bank of America Savings		53,581
Great FL Bank Savings Account		79,674
Pay Pal		486
Prepaid Insurance		3,616
Prepaid Payroll Taxes		3,678
Inventory		17,238
TOTAL CURRENT ASSETS	\$	250,518

Fixed Assets

Computers & Peripherals	\$	1,166
Leasehold Improvements		54,475
Kitchen Equipment		125,523
Vehicles		124,573
Building Construction Costs		445,737
Building Expansion Costs		104,114
Total Fixed Assets at Cost		855,588
Accumulated Depreciation		(307,601)
TOTAL NET FIXED ASSETS	\$	547,987

Land Lease

Land Lease, 99 years effective 6/97	\$	50,000
Accumulated Amortization		(8,753)
Total Net Land Lease	\$	41,247

See accompanying notes

The Soup Kitchen, Inc.
Statement of Financial Position (continued)
as of September 30, 2014

Other Assets

Legacy Bank CD	\$	106,290
Legacy Bank CD		50,821
Legacy Bank CD		86,428
Florida Community Bank CD		137,545
Security Deposit - Utilities		765
Total Other Assets		<u>381,849</u>

TOTAL ASSETS	\$	<u><u>1,221,601</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	12,104
Total Liabilities		<u>12,104</u>

Net Assets

Unrestricted	\$	1,209,497
Total Net Assets		<u>1,209,497</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,221,601</u></u>
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See accompanying notes

The Soup Kitchen, Inc.
Statement of Activities
For the Year Ended September 30, 2014

<u>Support and Revenue</u>	<u>Unrestricted</u>
Donations--Unrestricted	\$ 7,922,361
Interest and Dividends	3,879
TOTAL SUPPORT AND REVENUE	<u>7,926,240</u>
<u>Expenses</u>	
Program Services Expenses	7,813,174
Supporting Expenses	37,797
TOTAL EXPENSES	<u>7,850,971</u>
INCREASE (DECREASE) IN NET ASSETS	<u>75,269</u>
Net Assets at Beginning of Period	<u>1,134,228</u>
Net Assets at End of Period	<u>\$ 1,209,497</u>

See accompanying notes

The Soup Kitchen, Inc.
Statement of Functional Expenses
For The Year Ended September 30, 2014

	Programs		Supporting Services		Total
	Soup Kitchen	Taking Care of Babies	Management & General	Fundraising Expenses	
Food Services	\$ 7031711	11604			7043315
Accounting, Audit, and Bookkeeping	11095		2471		13566
Auto & Truck Expense	9639	5490			15129
Baby Project Expense	0	5463			5463
Bank Charges	5		17		22
Casual Labor	0				0
Cleaning & Exterminating	203	125	25		353
Clothing	413600				413600
Consulting Fees	132		1158	5710	7000
Depreciation	30336	13226	2278		45840
Dues & Subscriptions	15		135		150
Gala Event	0				0
Insurance	14888		3707		18595
Kitchen and Other Supplies	2475	1373			3848
Amortization	353	152			505
Licenses & Fees	146		589		735
Office Expense & Supplies	2972		555	176	3703
Payroll Taxes	9660	4991	965	420	16036
Postage & Express Services	121		486		607
Printing & Copying	702		2828		3530
Employee Benefits	3536	1996			5532
Repairs & Maintenance	3089	4367			7456
Security Expense	400	125			525
Special Event Expense	3384				3384
Taxes - Real Estate	2476	1497			3973
Telephone	3055	1622	520		5197
Utilities - Electric	7602	4991	1095		13688
Utilities - Waste Removal	3193	1747	371		5311
Utilities - Water	1255	1123	178		2556
Utilities - Gas	1867	1497	253		3617
Wages	130489	63386	8660	5200	207735
Totals	\$ 7,688,398	124,776	26,291	11,506	7,850,971

See accompanying notes

The Soup Kitchen, Inc.
Statement of Cash Flows
For The Year Ended September 30, 2014

Cash flows from operating activities

Support and Revenue	\$	499,837
Interest received		237
Cash paid for program expenses		(325,265)
Cash paid for supporting expenses		(39,326)
Interest paid		-
Income taxes paid		-
Net cash provided by (used in) operating activities	\$	135,483

Cash flows from investing activities

Purchase of property and equipment	\$	(76,248)
Net Cash provided by (used in) investing activities	\$	(76,248)

Cash flows from financing activities

Net cash provided by (used in) financing activities		-
Net increase (decrease) in cash and cash equivalents		59,235
Cash and cash equivalents at beginning of year		166,751
Cash and cash equivalents at end of year	\$	225,986

See accompanying notes

The Soup Kitchen, Inc.
Statement of Cash Flows (continued)
For the Year Ended September 30, 2014

Excess (deficiency) of revenues over expenses	\$ <u>75,269</u>
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:	
Increase in accounts payable	9,014
Increase in accounts payable for investing activities	(8,637)
Increase in inventory	(2,873)
Decrease in prepaid payroll tax	23,623
Increase in prepaid insurance	(3,616)
Interest on investments	(3,642)
Depreciation and amortization	<u>46,345</u>
Total adjustments	60,214
Net cash provided (used) by operating activities	\$ <u><u>135,483</u></u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
The Soup Kitchen, Inc.
For the Year Ended September 30, 2014

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) 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.

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, 2014, the Organization had no permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2014

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 2012, 2013, 2014 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, 2014

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 \$381,084 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, 2014

6. Evaluation of subsequent events

The Organization evaluated subsequent events through February 17, 2015, 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, 2014.