
THE SOUP KITCHEN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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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, 2015, 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, 2015, 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
March 18, 2016

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The Soup Kitchen, Inc.
Statement of Financial Position
as of September 30, 2015

ASSETS

Current Assets

Bank of America Operating	\$	57,506
Bank of America Savings		68,605
Pay Pal		1,514
Accounts Receivable		9,189
Prepaid Insurance		2,013
Prepaid Payroll Taxes		8,979
Inventory		20,686
Total Current Assets	\$	168,492

Fixed Assets

Computers & Peripherals	\$	1,166
Leasehold Improvements		57,975
Kitchen Equipment		135,297
Vehicles		160,734
Building Construction Costs		445,737
Building Expansion Costs		104,114
Total Fixed Assets at Cost		905,023
Accumulated Depreciation		(360,194)
Total Net Fixed Assets	\$	544,829

Land Lease

Land Lease, 99 years effective 6/97	\$	50,000
Accumulated Amortization		(9,258)
Total Net Land Lease	\$	40,742

See accompanying notes

The Soup Kitchen, Inc.
Statement of Financial Position (continued)
as of September 30, 2015

Other Assets

Florida Community Bank CD	\$ 107,360
Florida Community Bank CD	51,333
Legacy Bank CD	167,526
Florida Community Bank CD	139,266
Security Deposit - Utilities	765
Total Other Assets	466,250
TOTAL ASSETS	\$ 1,220,313

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 40,097
Total Liabilities	\$ 40,097

Net Assets

Unrestricted	\$ 1,122,151
Temporary Restricted	58,065
Total Net Assets	\$ 1,180,216

TOTAL LIABILITIES AND NET ASSETS	\$ 1,220,313
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See accompanying notes

The Soup Kitchen, Inc.
Statement of Activities
For the Year Ended September 30, 2015

Support and Revenue

Donations–Unrestricted	\$	8,615,357
Donations–Temporarily Restricted		100,000
Interest		4,751
TOTAL SUPPORT AND REVENUE	\$	<u>8,720,108</u>

Expenses

Program Services Expenses	\$	8,702,640
Supporting Expenses		46,749
TOTAL EXPENSES	\$	<u>8,749,389</u>

INCREASE (DECREASE) IN NET ASSETS \$ (29,281)

NET ASSETS AT BEGINNING OF PERIOD 1,209,497

NET ASSETS AT END OF PERIOD 1,180,216

See accompanying notes

The Soup Kitchen, Inc.
Statement of Functional Expenses
For The Year Ended September 30, 2015

	<u>Programs</u>		<u>Supporting Services</u>		Total
	Soup Kitchen	Taking Care of Babies	Management & General	Fundraising Expenses	
Food Services	\$ 7,875,668	11,041	-	-	\$ 7,886,709
Accounting, Audit, and Bookkeeping	9,677	-	2,154	-	11,831
Auto & Truck Expense	11,680	6,650	-	-	18,330
Baby Project Expense	740	4,230	-	-	4,970
Bank Charges	25	-	86	-	111
Casual Labor	260	-	-	-	260
Cleaning & Exterminating	376	229	46	-	651
Clothing	394,598	-	-	-	394,598
Consulting Fees	124	-	1,087	5,362	6,573
Depreciation	34,811	15,173	2,609	-	52,593
Dues & Subscriptions	15	-	135	-	150
Insurance	16,355	-	4,071	-	20,426
Kitchen and Other Supplies	2,287	1,269	-	-	3,556
Amortization	353	152	-	-	505
Licenses & Fees	193	-	777	-	970
Occupancy	21,013	9,159	1,575	-	31,746
Office Expense & Supplies	3,589	-	670	212	4,471
Payroll Taxes	1,093	5,435	10,480	456	17,464
Postage & Express Services	339	-	1,363	-	1,702
Printing & Copying	64	-	257	-	321
Employee Benefits	2,436	1,906	470	470	5,282
Repairs & Maintenance	4,474	3,164	-	-	7,638
Security Expense	879	274	-	-	1,153
Special Event Expense	4,931	-	-	-	4,931
Taxes - Real Estate	2,470	1,493	-	-	3,963
Telephone	3,770	2,001	641	-	6,413
Utilities - Electric	8,792	5,771	1,265	-	15,828
Utilities - Waste Removal	3,690	2,018	428	-	6,137
Utilities - Water	1,238	1,107	175	-	2,521
Utilities - Gas	2,090	1,675	283	-	4,049
Wages	150,608	71,252	5,838	5,838	233,537
Totals	\$ 8,558,639	144,001	34,411	12,338	\$ 8,749,389

See accompanying notes

The Soup Kitchen, Inc.
Statement of Cash Flows
For The Year Ended September 30, 2015

Cash flows from operating activities

Increase (decrease) in net assets	\$	(29,281)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase in accounts receivable		(9,189)
Increase in accounts payable		27,993
Decrease in accounts payable other assets		8,637
Increase in inventory		(3,448)
Increase in prepaid payroll tax		(5,301)
Decrease in prepaid insurance		1,603
Interest on investments		(4,661)
Depreciation and amortization		53,098
Net cash provided (used) by operating activities	\$	39,451

Cash flows from investing activities

Purchase of property and equipment	\$	(58,072)
Transfer to Certificate of Deposit		(79,740)
Net Cash provided by (used in) investing activities	\$	(137,812)

Cash flows from financing activities

Net cash provided by (used in) financing activities		-
Net increase (decrease) in cash and cash equivalents		(98,361)
Cash and cash equivalents at beginning of year		225,986
Cash and cash equivalents at end of year	\$	127,625

Interest paid: 0
Income tax paid: 0

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
The Soup Kitchen, Inc.
For the Year Ended September 30, 2015

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, 2015, the Organization had no permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2015

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. Allowance for doubtful accounts

The Organization did not provide for an allowance for doubtful accounts, as all amounts were collected in the subsequent month to the year end September 30, 2015.

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 2013, 2014, 2015 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.

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, 2015

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 \$465,485 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, 2015

6. Evaluation of subsequent events

The Organization evaluated subsequent events through March 18, 2016, 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 exceeded the FDIC limit during the year ended September 30, 2015.