
THE SOUP KITCHEN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION	3 - 4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 14

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023, 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 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, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Soup Kitchen, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are 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 we identified during the audit.

Michael C. Becker & Co.

Michael C. Becker & Co.

West Palm Beach, Florida
March 26, 2024

The Soup Kitchen, Inc.
Statement of Financial Position
as of September 30, 2023

ASSETS

Current Assets

Bank of America Operating	\$	25,215
Bank of America Savings		3,152
Bank of America Homeless Account		1,299
Bank of America Gala Account		68,864
Valley National Operating		101,228
Pay Pal		1,230
Wells Fargo Cash Sweep Account		8,492
Accounts Receivable		3,547
Accounts Receivable-ERC		53,375
Prepaid Expenses		1,474
Inventory		64,000
Total Current Assets	\$	331,876

Fixed Assets

Computers & Peripherals	\$	5,566
Kitchen Equipment		169,326
Vehicles		231,618
Storage Containers		2,729
Building		445,737
Building Expansion (Pre 2019)		287,608
Building Expansion (Post 2019)		1,082,723
Total Fixed Assets at Cost		2,225,307
Accumulated Depreciation		(798,523)
Total Net Fixed Assets	\$	1,426,784

Land Lease

Land Lease, 99 years effective 6/97	\$	50,000
Accumulated Amortization		(13,298)
Total Net Land Lease	\$	36,702

See accompanying notes

The Soup Kitchen, Inc.
Statement of Financial Position (continued)
as of September 30, 2023

Other Assets

Wells Fargo Advisors Investments	1,750,902
Security Deposit - Utilities	765
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Total Other Assets	1,751,667
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TOTAL ASSETS	<u>\$ 3,547,029</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 15,608
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Total Liabilities	\$ 15,608

Net Assets

Without donor restrictions	\$ 3,456,557
With donor restrictions	74,864
	<hr/>
Total Net Assets	\$ 3,531,421

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,547,029</u>
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See accompanying notes

The Soup Kitchen, Inc.
Statement of Activities
For the Year Ended September 30, 2023

Changes in Net Assets Without Donor Restrictions:

Revenues and investment gains	
Contributions	\$ 13,230,314
Investment income	64,287
Investment gain, net	134,999
TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS	13,429,600
Net assets released from restrictions:	14,224
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	14,224
TOTAL REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	13,443,824
Expenses	
Program Expenses	13,749,670
Supporting Expenses	105,368
TOTAL EXPENSES	13,855,038
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(411,214)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	68,864
Net assets released from restrictions	(14,224)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	54,640
INCREASE (DECREASE) IN NET ASSETS	(356,574)
NET ASSETS AT BEGINNING OF YEAR	3,887,995
NET ASSETS AT END OF YEAR	\$ 3,531,421

See accompanying notes

The Soup Kitchen, Inc.
Statement of Functional Expenses For The Year Ended September 30, 2023

	Programs			Supporting Services		Totals	
	Soup Kitchen	Taking Care of our Babies	Meals on Wheels	Lift UP	Management Fundraising & General Expenses		
Food Services / Program Services	\$ 11,766,535	330,394	417,999		-	\$ 12,514,928	
Accounting, Audit, and Bookkeeping	-	-	-		14,420	14,420	
Auto & Truck Expense	11,560	3,425	8,563	19,266	-	42,814	
Bank Charges / Investment Fees	-	-	-		14,027	14,027	
Casual Labor	2,720	-	-		-	2,720	
Cleaning & Exterminating	1,920	886	886		-	3,693	
Clothing/Furniture/Toys	150,050	-	-		-	150,050	
Consulting/Fundraising	-	-	-		9,763	11,933	
Depreciation	40,257	20,129	20,129		-	80,514	
Dues & Subscriptions	-	-	-		870	870	
Insurance	13,171	1,013	8,612		2,533	25,329	
Kitchen and Other Supplies	10,484	5,242	5,242		-	20,967	
Amortization	253	126	126		-	505	
Licenses & Fees	288	279	279		-	846	
Legal Fees	-	-	-		-	-	
Office Expense & Supplies	35,757	33	329		-	36,118	
Occupancy	-	-	-		-	-	
Payroll Taxes	19,336	8,287	19,336	8,287	-	55,247	
Postage & Express Services	1,409	-	-		-	1,409	
Printing & Copying	-	-	-		3,056	27,504	
Employee Benefits	23,724	7,117	16,607		-	47,448	
Repairs & Maintenance	12,502	6,251	6,251		-	25,004	
Security Expense	747	374	374		-	1,494	
Special Events & Volunteer Luncheon	13,660	-	-		-	20,314	
Taxes - Real Estate	-	-	-		-	-	
Telephone	2,213	1,581	1,581		948	6,322	
Utilities - Electric	9,306	4,653	4,653		-	18,612	
Utilities - Waste Removal	4,637	2,318	2,318		-	9,273	
Utilities - Water	2,182	1,091	1,091		-	4,363	
Utilities - Gas	4,249	2,125	2,125		-	8,498	
Wages	239,168	102,501	239,168	102,501	-	683,337	
Totals	\$ 12,366,126	497,823	755,667	130,054	45,617	59,751	\$ 13,855,038

See accompanying notes

The Soup Kitchen, Inc.
Statement of Cash Flows
For The Year Ended September 30, 2023

Cash flows from operating activities

Increase (decrease) in net assets	\$	(356,574)
Investment gain, net		(134,999)
Depreciation and amortization		81,019
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Donated vehicle included in contributions		(22,500)
Increase in accounts receivable		(2,847)
Decrease in accounts payable		(2,997)
Increase in inventory		(32,950)
Decrease in prepaid expenses		1,193
Net cash provided (used) by operating activities	\$	(470,655)

Cash flows from investing activities

Net transfers from investment account	\$	200,965
Purchase of property and equipment		(4,855)
Net Cash provided by (used in) investing activities		196,110

Cash flows from financing activities

Net cash provided by (used in) financing activities		-
Net increase (decrease) in cash and cash equivalents		(274,545)
Cash and cash equivalents at beginning of year		484,025
Cash and cash equivalents at end of year	\$	209,480

Supplemental Disclosures:

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

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
The Soup Kitchen, Inc.
For the Year Ended September 30, 2023

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.

The LiftUP program supports teens and young adults in Palm Beach County who are transitioning out of the foster care system and/or are living with someone other than their birth parents (ages 18-25). The entire program is dedicated to supporting the development of a successful adult who has self-esteem, self-regulation, and self-awareness.

b. Basis of accounting

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

c. 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.

d. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2023

e. Contributions

Contributions are recognized when received by the Organization. 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

f. 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, 2023.

g. 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 2021, 2022, and 2023 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.

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 as contributed services. The Organization receives approximately 24,000 volunteer hours per year.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2023

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.

l. Expenses by Nature and Function

The costs of providing various programs of the Organization and other activities have been allocated in the statement of functional expenses. The statement reports 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 depreciation and utilities, which are allocated on a percentage of estimated facility useage, as well as salaries and benefits and legal and accounting, which are allocated on the basis of estimates of time and effort. Other expenses are identifiable by program or function.

2. Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 reduces the number of net asset classes presented from three to two, requires presentation of expenses by functional and natural classification in one location, and requires quantitative disclosures about liquidity and availability of financial assets. ASU 2016-14 was first effective for the Organization's financial statements for the year ended September 30, 2019.

3. Advertising

Advertising and promotional costs are charged to expense as incurred.

4. Investments

Investments consist of mutual funds and exchange traded funds (ETFs) stated at fair value. All of the investments as of September 30, 2023 are classified as investments. All securities are held by a brokerage firm. All investments are unsecured and uncollateralized. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in net assets.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the entity has the ability to access at the measurement date. The type of financial instruments included in Level 1 are generally highly-liquid investments with quoted prices on exchanges and over-the-counter markets with sufficient volume.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2023

4. Investments (Continued)

Level 2

Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the assets or liabilities.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Input to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

The fair values of all of the trading securities listed below as of September 30, 2023 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs) or significant observable inputs (Level 2).

Gains and losses (realized and unrealized) are included in the statement of activities for the year ended September 30, 2023.

Items Measured at Fair Value on a Recurring Basis

The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820 and are included in the investment account:

Mutual Funds and

Exchange Traded Funds: Valued at quoted net asset values of the shares held at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Value of Assets

The following tables set forth, by level within the fair value hierarchy, the fair value of the Organization's financial assets measured at fair value as of September 30, 2023.

Fair Value as of September 30, 2023

	Level 1	Level 2	Level 3	Total
Mutual Funds and Exchange Traded Funds (ETFs)	\$ 1,750,902	\$ -	\$ -	\$ 1,750,902
	\$ 1,750,902	\$ -	\$ -	\$ 1,750,902

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2023

4. Investments (Continued)

The Organization's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. There were no changes in reporting levels during the reporting period. For the year ended September 30, 2023, there were no significant transfers into or out of Level 3.

The following table presents the value of investments as of September 30, 2023:

Mutual Funds and Exchange Traded Funds (ETFs)	\$ 1,750,902
Total investments	<u>\$ 1,750,902</u>

5. Net Assets With Donor Restrictions

Net assets with donor restrictions as of September 30, 2023 are available for the following purposes:

Restricted for program services:

Programs and equipment	\$ 74,864
Total net assets with donor restrictions	<u>\$ 74,864</u>

6. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

	<u>September 30, 2023</u>
Financial assets at year-end	\$ 1,963,929
Less those unavailable for general expenditures within one year, due to:	
Donor restricted	<u>74,864</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,889,065</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2023

6. Liquidity and Availability of Financial Assets (Continued)

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Item	September 30, 2023
Cash and cash equivalents	\$ 134,616
Accounts receivable	3,547
Investments	1,750,902
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,889,065

The Organization's liquidity management policy utilizes budgeting for general expenditures and monitoring of the progress of restrictions to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

7. Designation of Net Assets Without Donor Restrictions

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 net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

8. 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 in these financial statements.

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

The Organization maintains cash balances at banking institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per banking institution. From time to time, the Organization may exceed the FDIC limit.

10. Facility Expansion

The Organization has completed the facility expansion. The final Certificate of Occupancy was received on July 1, 2022.

The facility expansion cost totaled \$865,882, including change orders.

The expansion costs and new kitchen appliances, in the amount of \$65,000, were funded with grant proceeds.

NOTES TO FINANCIAL STATEMENTS (Continued)
The Soup Kitchen, Inc.
For the Year Ended September 30, 2023

11. COVID-19

In response to COVID-19 and the flu illnesses, the Organization is still serving to-go meals and groceries.

Guests are no longer required to wear a mask or socially distance as they are distributed meals and grocery bags through the dining room.

Face masks are optional for volunteers and staff.

The Organization has been successful in recruiting volunteers.

12. CARES Act—Employee Retention Credit (ERC)

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, provided that employers who experienced a decline in revenue, as defined by the Act, would be eligible to claim employee retention credits for continuing to pay employees.

The Organization claimed a total of \$84,860 in credits for payroll periods ended June 30, 2021 and September 30, 2021 and requested that the credits be applied to future payroll tax liabilities.

The unused portion of the payroll tax credits were accounted for in prepaid payroll taxes.

On November 8, 2021 the Organization amended Form 941 for payroll tax period ended December 31, 2020, to claim employee retention credits in the amount of \$53,375.

The Organization requested that the employee retention credits be refunded.

ERC claims are subject to examination by the Internal Revenue Service for three to five years after filing, depending on the payroll quarter amended.

The credits are accounted for in accounts receivable-ERC.

13. Pending Litigation

The Organization is involved in a pending lawsuit regarding an automobile accident. The Organization does not expect to incur any costs as a result of the litigation, as the insurance company is expected to pay for any type of settlement that may arise.

14. Management Evaluation Date

The Organization evaluated subsequent events through March 26, 2024, 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.